

*Includes exhaustive references on Indian Retail Algo Trading Industry*

# **RETAIL ALGO TRADING SCAM**

*Simplifying how the retail algo trading scam is operated in India  
and alerting the traders worldwide from algo trap*

**Utsav Kapoor**

*A common retail trader and IIT alumni*

**Copyright © 2021 – Utsav Kapoor**

Copyright covered under Creative Commons Attribution 4.0 International (CC BY 4.0). You may distribute, remix, adapt, and build upon my work non-commercially, as long as you credit me for the original creation.

### **D I S C L A I M E R**

This book includes exhaustive references for all facts covered. It should not be construed as a retaliation against a particular individual or organization. This book rather exposes malpractices prevalent in Indian Stock Broking industry for consideration by regulators and general awareness among public. The book contains facts available openly on internet. I am not personally liable to prove veracity of any facts because the public reference sources of the facts are given.

### **A C K N O W L E D G E M E N T**

I am obligated to trader friends who helped me provide exhaustive information, without which this book would not have been possible. I am also thankful to everyone who takes the time to recommended this book.



**First Printing Edition, 2021**

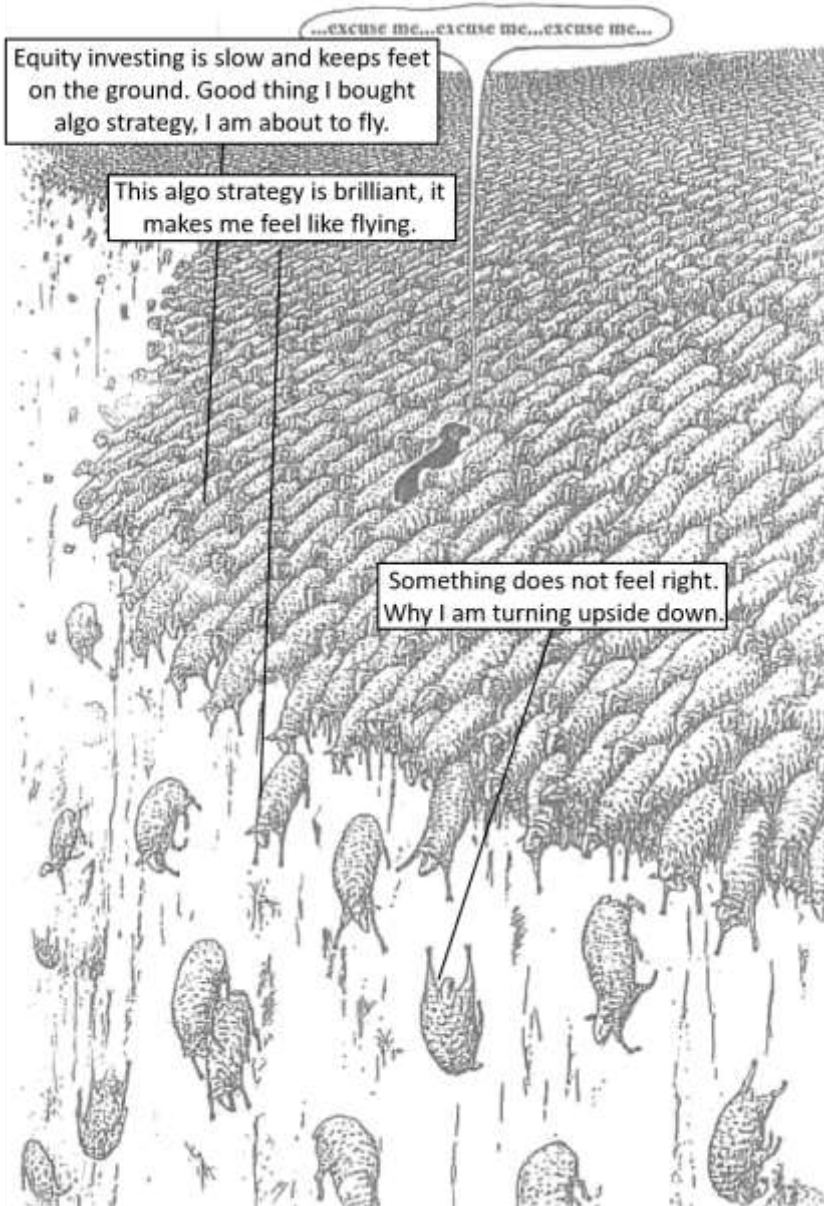
# *Table of Contents*

<b>Preface .....</b>	<b>4</b>
International Relevance .....	5
Indian Stock Market and Role of SEBI .....	6
The Terms Algo and Robo .....	7
A Personal Note .....	8
 <b>Chapter One The Scam Summarized .....</b>	 <b>11</b>
Technical Aspects Of Operation .....	11
Financial Aspects of Operation .....	13
Size of Scam .....	14
Methodology of Scam Exposure .....	15
 <b>Chapter Two The Jugaad for Enabling Illegal ATS .....</b>	 <b>17</b>
The Dying Stock Broking Business .....	17
Automated Trading .....	19
 <b>Chapter Three The Jugaad for Selling Illegal ATS .....</b>	 <b>22</b>
Outsourcing Sales to Partners .....	22
Selling ATS via SB .....	24
Obvious Income Source of ATS Providers .....	27
 <b>Chapter Four The Jugaad to Attract ATS Users .....</b>	 <b>31</b>
<b>Chapter Five The Jugaad to Assuage ATS Users.....</b>	<b>36</b>
<b>Chapter Six Economics of the Scam.....</b>	<b>39</b>
Churning .....	40
Front-running .....	41
Ramping .....	42
Cross Market Manipulation.....	43
Proprietary Trading with Client Strategies .....	43

## *Retail Algo Trading Scam*

Size of Scam .....	44
The Abhorrent Theft of Sensitive Data .....	45
<b>Chapter Seven Managing Complaints Against Scam .....</b>	<b>49</b>
Conclusion With Analogy of Slavery.....	51
<b>Appendix One Summary of Law Violations.....</b>	<b>55</b>
<b>Appendix Two External References .....</b>	<b>57</b>
<b>Appendix Three Popular ATS and Brokers Who Enable ATS .....</b>	<b>60</b>
<b>Appendix Four Figures .....</b>	<b>64</b>
<b>Appendix Five Email Correspondence.....</b>	<b>78</b>
Subject: Alice Blue - Exposed 1000 Crore Algo Scam .....	78
Subject: Zerodha - Exposed 1000 Crore Algo Scam .....	82
Subject: MasterTrust - Exposed 1000 Crore Algo Scam.....	88
Subject: Re: Zebu - Retail Algo Trading Violating NSE Norms .....	93
Subject: AngelBroking - Exposed 1000 Crore Algo Scam .....	99
Subject: 5paisa - Exposed 1000 Crore Algo Scam .....	104
Subject: RKSV - Exposed 1000 Crore Algo Scam .....	109

## Retail Algo Trading Scam



# PREFACE

---

It is worth to remember the folklore case of Pradeep Poonia vs WhiteHat Jr before you read this book. WhiteHat Jr was an edtech startup supported by massive funding, and Pradeep Poonia is a common man who works as software engineer. Pradeep Poonia publicly criticized WhiteHat's marketing tactics, and even called it a Ponzi scheme. WhiteHat Jr used to target kids as young as 6-year-old and Pradeep was concerned that a damage is being done to kids cognitive development.

- Aug 2020: WhiteHat Jr valued at \$ 300 Million on acquisition by Byjus
- Sep 2020: Pradeep Poonia exposes for fictional Wolf Gupta adverts on social media. Advertising Standard Council of India (ASCI) receives 15 complaints for the ads by Pradeep's activism.
- Oct 2020: ASCI orders five of the seven ads to be taken down for violations. WhiteHat Jr takes down Pradeep's YouTube, Reddit, Twitter, Quora, and LinkedIn accounts. Some were restored later by public support.
- Nov 2020 : Pradeep Poonia shares screenshots and videos from internal communication in WhiteHat Jr Slack channels.
- Nov 2020 : WhiteHat Jr Files \$ 2.6 million defamation suit against Pradeep Poonia
- Dec 2020 : WhiteHat Jr desperately tries to take down again Pradeep Poonia's 17 videos, 2 Youtube channels, 2 Reddit accounts, 1 Twitter handle, 1 Quora account, 3 LinkedIn articles & LinkedIn account.

- May 2021 : WhiteHat Jr drops defamation case on Pradeep Poonia. Pradeep Poonia continues to fight against edtech doing false propaganda against children education.

When Pradeep started voicing against WhiteHat Jr, a lot of people asked why are you so bothered? Pradeep continued and gradually won public support. This entire episode shows the power of democracy and free speech.

I am also trying to expose the alleged fraudsters by publishing this book with a free distribution license. The retail algo trading scam in India is very straightforward and very complex at the same time. It is technically very straight forward if we go by circulars of National Stock Exchange (NSE). The violations are clear and easy to detect. However, it is also very complex if we start debating on what's right and what's wrong. Abolishing this malpractice is much harder because it is not operated by a single individual, or a single identifiable group of individuals. The scam is operated by a plethora of Brokers, Sub-brokers, Technology Startups and Investment Advisors. Moreover, the broking industry in India is a closed-knit group and carefully supports each other, like Bollywood actors.

## **International Relevance**

Many aspects of technical methodology to operate this scam can be done in any country, due to the nature of emerging technologies which the regulators are often not abreast with. Thus, this book should be equally useful for international investors, even though it provides details specific to India only.

### *Retail Algo Trading Scam*

The term Robo Trading is synonymously used instead of Algo Trading in many countries worldwide.

Common monetary figures mentioned in this book can be seen equivaled to U.S. Dollars as,

Rs. 20 Crore ~ \$ 2.6 million (suit against Pradeep Poonia)

Rs. 1000 Crore ~ \$ 130 million (size of scam)

Rs. 1500 ~ \$20 (monthly ATS subscription fee)

Rs. 3500 ~ \$50 (monthly brokerage fee)

API is short for Application Programming Interface. It is basically a programmatic connection (without user interface) between two computer networks. To buy and sell shares, people generally use a software with user interface. However, using API, a programmer can build software to buy and sell shares in any fashion as desired. The Algo or Robo software are built using APIs.

In this book, the words Broker and Trading Member (“TM”) are used interchangeably; ATS denotes an un-approved and illegitimate Automatic Trading System, which also has an inbuilt strategy recommended as a financial advice (unless otherwise mentioned).

### **Indian Stock Market and Role of SEBI**

Indian Stock market is 7th biggest in world with a total market capitalization of \$3 trillion in June 2021. India accounts for 2.60% of the world market capitalization as in June 2021 according to Bloomberg reports. India has been outperforming the global



growth in market-cap for five years, at 14.7% annually against 13.25%.

National Stock Exchange (NSE) remains the world's largest derivatives exchange for the second consecutive year in 2020 in terms of number of contracts traded, according to the Futures Industry Association (FIA). Also, NSE has been ranked fourth in the world in cash equities, by number of trades, by the World Federation of Exchanges (WFE) for the year 2020. The year 2021 is expected to bring pleasant surprises with daily turnover hitting new highs every month.

The primary regulatory body for stock exchanges in India is Securities and Exchange Board of India (SEBI). Its preamble describes the basic functions as, "...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto". If Indian Stock Markets are a success story, a lot need to be credited to SEBI. The regulator has done an excellent job in development of stock market in India.

SEBI should not be blamed for failure to timely regulate the retail algo trading scam. This book proves how operators in this scam are violating SEBI laws with stealth and deception. The same malpractices may be carried in your country also using technological advancements, despite the local regulations.

## **The Terms Algo and Robo**

### *Retail Algo Trading Scam*

Algo (related to trading) is a non-existent term in the dictionary of any country, except India. A cursory search finds two related terms - Automated Trading system (ATS) and Algorithmic Trading (AT).

AT means executing stock market orders of buy and sell using a software with predefined rules. AT generally indicates using high-capacity infrastructure for stock market trading at nano-second intervals.

ATS is a subset of AT which means automated trading without manual intervention, but not necessarily using high-capacity infrastructure.

Now the interesting part is, the ATS providers in India do not use the term automated trading on their website. This is because it is clearly given in SEBI bylaws that automated trading is not allowed without pre-approval from exchange. The ATS providers use the term Algo and pride themselves in providing Algo services. This new term Algo has been coined to vaguely offer ATS services. A noteworthy service provider is Streak which does not factually offers automated trading in India. It also uses the words algo to market its services. Streak is also most likely the biggest platform in India offering real “algo services” and comes with clean hands. The scamming ATS providers use the term algo to successfully dodge SEBI regulations and exploit goodwill for Algo created by the likes of Streak.

### **A Personal Note**

It is wrong to assume that I am going against entire Indian Stock Broking industry to retaliate for my personal losses, or against particular brokers, or against particular Algo providers. If that was

the case, I would have easily claimed my losses with the brokers rather than taking so much effort for awareness of retail investors. This book is an activism against malpractices in the name of algo trading. Similar scams may be going on in other countries in other names such as robo trading, auto trading, system trading and so on.

I have not included my personal details how I was defrauded in algo scam because it can detract the purpose of book. The book covers few ATS providers and few Brokers as case study how the scam is operated. This book will help retail investors and traders across the world to easily find if they are being cheated, and also demonstrates how to reach the regulatory authorities.

---

## Retail Algo Trading Scam



# **CHAPTER ONE THE SCAM SUMMARIZED**

---

Retail Algo Trading is an illegal practice in which retail investors are lured to authorize a computer program, to create buy and sell orders in a fully automated manner, without any manual supervision <sup>[1]</sup>. The computer program automatically generate orders and sends them to exchange, and also manages current positions/orders for liquidation or scaling-in. The set of rules used to generate orders or modify them is called a Strategy or Algo. Tradetron, the biggest player in ATS, is a company registered in US to dodge Indian laws, and currently has 350 algos in its public marketplace out of which none are approved or audited (Figure-4). India's largest broker Zerodha, acknowledges that Exchange approval is required for Algo Trading, but also cunningly facilitates it without any approval system (Figure-1,2).

The scam is mostly operated by Trading Members of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX). For the purpose of brevity, this book covers aspects only related to NSE Trading Members.

## **Technical Aspects of Operation**

1. NSE Trading Members (TM) recommend APIs to investors which do not require manual

authorization for sending each order to market. As per NSE norms, any application from which orders originate should be approved by NSE before recommending to investors <sup>[2]</sup>. However, TM do not put an approval system in place for APIs. TM do not put the most basic form of approval -asking screenshot from investors about the ATS they are using - to disallow violating ATS. On the contrary many TM recommended ATS openly to investors, while some recommended ATS cunningly through their Sub-brokers (Figure- 11-12,17-21).

2. The Marketing Partners, Channel Partners, Sub-Brokers and Authorized Person who take brokerage share from TM are collectively referred as "SB". The TM facilitates SB to provide ATS, so that TM can dodge SEBI regulations for Algo Trading. Some brokers ask SB to sign-up as Partner for brokerage sharing, to dodge SEBI compliance for SBs (Figure- 9,13) <sup>[3][4][5]</sup>.
3. The APIs need login credentials given by TM for authentication before sending orders. However, the ATS programmatically save the login credentials and auto-login daily into investor accounts, to discourage investors from actively supervising orders placed in their accounts (Figure-6).
4. The ATS allows on a single device (laptop, tablet, mobile) multiple trading accounts, just like a dealer, to incentivize pseudo-SBs. Some ATS like Tradetron do it slyly calling it "multiple deployment", while some ATS like Stoxxo do it openly. This violates

SEBI regulations that any SB is not allowed to handle client securities (Figure- 7,16,17).

5. The ATS allows as aggregating platform for TMs in which each order can be routed to different TM. This is against NSE norms because it does not keep networks separate of different TM (Figure- 7,16,17).
6. The ATS also dole out financial advice, with promises 15% or more return per month to investors. This is again violation of SEBI mandate that only a Registered Advisor can provide financial advice (Figure-5).
7. The TM leaks out clients' stocks transaction data (buy/sell orders) to ATS, because all orders are generated and managed from third-party ATS server only. This against SEBI's Code of Conduct for Brokers <sup>[6]</sup>.
8. The ATS does not make any disclosure about their proprietary trading, even though acting in the capacity of a financial advisor.

## **Financial Aspects of Operation**

1. At any point of time, 80% of investors are losing money but 20% are making money by sheer randomness. Since all trades happen from ATS servers, SB has information which investors are making money. SB takes testimonials from these 20% investors, then use testimonials for marketing algo services.
2. These ATS makes money from platform subscription fees (250 to 15000 per month) (Figure-8).

### *Retail Algo Trading Scam*

3. The ATS makes money from brokerage, by also operating in the capacity of SB. SEBI regulations prohibit one person for being SB with more than one TM. This rule is easily dodged by registering as SB in the name of friends, family and colleagues. Mr. Umesh Ranglani, Tradetron's founder, is a SB of MasterTrust. MasterTrust sends recommends Tradetron to investors, and the brokerage generated comes back to MasterTrust. Since all real-time transaction data is leaked to SB from Broker, and all orders and trades are managed from ATS server, the SB has liberty to indulge in churning, front-running, ramping and other market manipulation.
4. The ATS strategies may automatically trigger orders from 1000s of investor accounts for rigging or spoofing stock prices. This allows them frontrunning client orders or taking counter positions depending on the price trend triggered by the strategy.
5. ATS also makes money in proprietary trading accounts from the top 1% strategies which are genuinely profitable and submitted by retail investors to these platforms for execution. The investors cannot suspect because any disclosure is not made by ATS.

### **Size of Scam**

Currently, more than 60 NSE Trading Members are recommending APIs to investors; and, more than 50 Algo Software are being recommended to investors. Between the period July 2020 to June 2021, around 5 lakh retail investors have been lured into algo trading, out of which Tradetron alone has signups of close to 1 lakh investors.



Assuming the average amount of money lost by an investor in this scam is Rs. 10000, a cumulative amount of Rs. 500 crore has been lost by investors over last 12 months alone. Most of the algo platforms were started in mid-2018 itself. Based on the growth in number of brokers recommending APIs to investors, the cumulative loss in last 3 years has been Rs. 1000 crores.

## **Methodology of Scam Exposure**

Even though I was personally cheated by ATS, active help from a NSE Auditor was taken to understand SEBI/NSE Guidelines before jumping into conclusions. Once the violations by TMs were clear, email correspondence was sent to 14 such TMs on 19-07-2021, keeping NSE and SEBI also in loop. In reply, the TMs either dissociated themselves from ATS, or ignored the email entirely. The TMs who dissociated themselves from ATS were asked why they are recommending ATS to investors. There were no further replies received from TMs even after four reminders sent between 19th July to 26th July. Notable replies are summarized below:

- Zerodha: Dissociated itself from ATS but did not reply why it allows unapproved ATS
- MasterTrust: Dissociated itself from ATS but did not reply why it recommends Tradetron to investors
- Zebu: Dissociated itself from ATS but did not reply why it recommends Stoxxo to investors
- AliceBlue: Dissociated itself from ATS but did not reply why it recommends Tradetron to investors
- CompositEdge, RKSV, Nirmal Bang, IIFL and Angel Broking denied to reply until contact details provided

### *Retail Algo Trading Scam*

- SAMCO, Tradewings, Arham and 5paisa did not reply at all after multiple reminders



## CHAPTER TWO THE JUGAAD FOR ENABLING ILLEGAL ATS

---

The meaning of word Jugaad has been given in oxford dictionary as, "the use of skill and imagination to find an easy solution to a problem". The problem here was the dying broking business, and two of the jugaad to fix it was marketing partners and algos. This chapter talks about the jugaad of selling algos, while the next talks about the jugaad of marketing partners.

### **The Dying Stock Broking Business**

From 2013 to 2018, the stock brokers continued to bleed. Around two-third of brokers shut down during this five-year period. The number of brokers in operation came down to 2773 in 2018, compared to 9606 in 2013. More than 13 regional stock exchanges ceased operations under the exit policy of SEBI, and member brokers of these exchanges were forced to shut business <sup>[7]</sup>.

Between April 2011 and Jan 2014, 30,000 sub-brokers also went out of business as per data released by SEBI.

The reasons for shutting down were many, including new compliance introduced by SEBI, muted investor participation and costly and inefficient business processes. The brokers spent lavishly on offices and sales person and the investor were made to

pay for the same in high brokerage fees. Discount brokers sprung up and also the industry saw consolidation with lesser number of players.

In 2013, Motilal Oswal, the managing director of MOSFL said, “It has become a high-cost and low-margin business. As a result, there is some consolidation happening in the industry. It is difficult for players, unless there’s a clearly differentiated offering in terms of good research or some other such selling point”. From a range of 0.25% to 0.35% during the heydays of 2007-2009, brokerage fees came down to between 0.01% and 0.1% currently in delivery-based trades. Online Trading services was way cheaper than traditional call-and-trade or relationship manager services provided by brokers.

Before 2008, it was safely assumed that if stock market went up, the broking revenues will also go up. This was no longer the case between 2008 to 2017 for most of the brokers, except very few discount brokers during this time. Even bigger players like HSBC India were forced to shutdown their retail broking business.

Zerodha, a startup from ground 0 level, became a top player during this era by focusing on online trades and marketing partners. Zerodha also started to play around in 2012 with automated trading with mixed results. Nithin Kammath, the founder of Zerodha, announced Amibroker plugin <sup>[8]</sup>. There was huge interest but results were not promising because the plugin could not efficiently automate all trades. In 2015, Zerodha made its API (Kite Connect) open to public <sup>[9]</sup>. The interest in API was so huge that it surprised Zerodha.

Brokers found a peculiar characteristic of the average API user compared to average investor - the brokerage revenue from API

user was more than 50 times compared to the investor! The API user bought and sold more shares during a day then the investor would do during a year. This is because APIs were used by mostly intraday traders who bought shares and sold them for small profits after few hours or few minutes. They use high leverage to make an income out of trading shares. Paying the API subscription fees for automating trades did not makes sense for a person who will trade once a week or once a month. It made sense only for a person who will make trades every hour.

If Online Trading was the leading factor between 2010 to 2015, it was clear that automated trading offered the next sweet spot of revenues. One should also note that an automated trading tool alone does not attracts traders, and does not incite traders to execute orders. It is only when an automated trading tool is accompanied by financial advisory in the form of strategy, that people execute trades and generate brokerage revenue.

## **Automated Trading**

SEBI norms require that each trade made by an investor should be pre-authorized and approval should be recorded. If an investor calls broker to buy for him shares, the call recording should be saved. If an investor buys shares online through a software provided by broker, the software should be approved. This kills the chance of automated trading, because it does nor pre-authorize every trade; even though it authenticates login.

Savvy investors were asking for automated trading because people trade along with other work such as business and job. It is much easier to login a software in morning, enable a set of rules, then

shift focus on other work while the software keeps on trading itself. This is exactly what an Automated Trading System (ATS) does. Zerodha received more requests for its Kite Connect API by app developers than it could handle. But there was no way get the innumerable ATS approved from exchange by app developers.

This is when ATS Jugaad was born. The free Kite API was now offered at a no-negotiation price of Rs. 2000 per month, and traders need to agree API Terms of Service which clearly disallowed automated trading. This produced the perfect result. Since the API Terms of Service do not allow automated trading, no investor can complain against Zerodha for enabling ATS providers. The high fee of 2000 per month filtered out any small or naive investors. Only a person who is serious about using ATS for his own benefit would be willing to pay the subscription fee of Rs. 2000.

NSE regulation that any software from which orders originate should be approved was thrown out of the window. With such API policy, brokers could get away without putting a approval system in place. This is like selling illegal arms and putting the onus of legitimate use of arms on the buyer. Zerodha did not put the most basic form of approval -asking screenshot from investors about the ATS they are using.

By 2019, other stock brokers also noticed Zerodha's revenue, both through brokerage and api subscription, and started to offer API service to their clients.

But this was not enough. The niche set of users automating their trades and willing to pay subscription fees was very small. ATS apps mushroomed up and started promising stellar returns using advanced technology. In 2018, the subscription fees of ATS apps

also recommending financial advisory via strategies was Rs. 3000 on an average. The retail investor was willing to spend monthly subscription Rs. 2000 on the API and Rs. 3000 on the ATS in the dream of reaping easy returns.

This is where the need to promote ATS at mass level arise to increase brokerage revenues. As on 8th August 2021, all brokers providing API facility have the same copy-paste API policy used by Zerodha.

---



## **CHAPTER THREE THE JUGAAD FOR SELLING ILLEGAL ATS**

---

A Broker cannot directly promote ATS because they come under the strict SEBI compliances. Hence a novel way was invented to outsource ATS marketing to a person who is both outsourced and insider, has a business relationship but at the same time not traceable, works as a business partner but at the same time independent. The optimal result is that both in turn make easy money, and client complains are easily managed.

This unaccountable method of outsourcing sales become so popular during 2018-2020, that in 2021 some brokers totally forget its legality and started marketing ATS openly. Namely Angel Broking, MasterTrust, AliceBlue and Zebu were the few brokers who are marketing ATS openly and were trapped in my email correspondence.

### **Outsourcing Sales to Partners**

The most compliant way a person can associate with a Broker is Sub-broker. In 2012, SEBI allowed registration of Authorized Persons with NSE. The table below shows that role of a sub-broker has converged to the role of authorized person. Sub-broker is



registered for trading in cash segment only whereas AP can trade both in cash and derivative segment.

Year	BSE	NSE	Total	BSE	NSE	Total
	Sub brokers Registered	Sub brokers Registered		Authorised Person Registered	Authorised Person Registered	
31-Mar-14	28,654	29,167	57,821	25,878	1,63,858	1,89,736
31-Mar-15	20,368	25,643	46,011	30,603	1,29,049	1,59,652
31-Mar-16	15,967	21,875	37,842	41,325	1,44,690	1,86,015
31-Mar-17	13,065	18,780	31,845	47,045	1,63,710	2,10,755
31-Mar-18	12,340	13,786	26,126	53,833	1,87,308	2,41,141

The obligations and liabilities of an Authorised Person are similar to that of a Sub-broker. The Authorised Person is registered with NSE, while the Sub-broker is registered with SEBI. SEBI mandates that in all representations to investors at large, name of the stock broker along with its registration number should be clearly displayed by both Sub-broker and Authorized Person.

Both Sub-broker and AP are not authorized to handle client securities and funds and are not doing any intermediation work with clients as they are only agents of the brokers who are liable for all actions of Sub-brokers and APs <sup>[4]</sup>. As per SEBI regulation, if any person seeks to trade on behalf of another person he has to be register as a portfolio manager with SEBI <sup>[10]</sup>. Any kind of arrangement of one person managing another's funds without a portfolio manager license is violating SEBI regulations. *Even if a client is ready to authorize in writing, any such authorization is not a valid document* <sup>[10]</sup>. If such violation is brought to the notice of SEBI, it will take action against both the person managing and the

main brokerage firm in trouble from the regulators. Figure-22 shows Mr. Rachit Seth updated website with disclaimer after learning about my emails sent to brokers. Perhaps after reading this paragraph, he will completely remove information about multi-account feature he takes so much pride in.

Earlier, Brokers use to share revenues only with APs or Sub-brokers. Behind Zerodha's explosive growth between 2011 to 2015 from online trading was a brilliant Referral Program. Zerodha shared revenues with anyone referring a new client. Basically, it rewarded the average investor for recommending to family and friends. Additionally, it recruited bloggers, youtubers and content creators into referral program. Zerodha mastered this marketing tactics through Referral Partners and set social media abuzz with its name.

Learning from Zerodha, other Brokers came up new terms called "Referral Partner", "Marketing Partner", "Sales Partner" and "Channel Partner". All of them essentially have the same meaning- you bring us clients, make them trade, and we will share with you the revenue. Currently Indian broking industry generates more than 60% revenue through outsourcing marketing partners. In this book, we have referred to them as "SB" because they often play the role of sub-broker.

Currently, every social media influencer who creates content related to stock market is a SB with one or multiple brokers.

## **Selling ATS via SB**

SB are professionals and also often well versed with technology. Learning about the revenue sweet spot called ATS, many Brokers

preferentially started giving APIs to SBs in 2018. At this time, hardly 5 brokers made APIs public for everyone, including Zerodha. The others started enabling SBs behind the scene by providing API access, and business tips like consistent money making algos, fictitious returns, zero supervision and full trade automation, technology advancement and so on. Many ATS were created in 2019 onwards without any mass visibility. A common mode of operation is a web-app which will not be indexed by search engines like google; rather, whose address will be recommended and sold to clients on one-to-one recommendation.

If you have read carefully the SEBI regulation about Sub-broker/AP not allowed to handle client securities, it poses a problem for increasing brokerage revenues. The Broker cannot execute a trade in Client's account just for the sake of brokerage. Also, an Authorized Person or Sub-broker are not allowed to associate with more than one Broker, thereby putting some restrain on the marketing activities of influencers <sup>[4][5][6]</sup>.

ATS with multi-client trading feature was the easy answer to both the problems above. The ATS allows on a single device (laptop, tablet, mobile) multiple trading accounts, just like a dealer, to incentivize SBs. Some ATS like Tradetron do it slyly calling it "multiple deployment", while some ATS like Stoxxo do it openly. A Sub-broker or AP can easily execute traders for the sake of brokerage alone because complains against them can be easily managed. But as corporate greed goes, enabling Sub-brokers and Authorised Persons for handling client securities was not enough. Brokers wanted to include all sorts of Partners; basically, anyone who can bring brokerage for them. ATS is again the perfect answer with features for multi-client, multi-broker and auto-login. The

ATS enabled all SB not just to bring new clients, but also generate brokerage in their accounts by executing completely automated trades through separately sold algo strategies.

The year 2019 went good and Brokers kept getting bolder. MasterTrust openly started promoting Tradetron in 2020. AliceBlue, the boldest of all, created a "TradeStore" - a marketplace for illegal ATS in 2020 and promoted it left and right to all clients. Everyone who opened an account with AliceBlue or was an existing client received a flurry of cold calls and emails on ATS services with magical promises of easy profits.

*It should be particularly noted here how it started with a small step from Zerodha on making its API public for app developers, to AliceBlue operating a marketplace of illegal ATS. AliceBlue made so much money from ATS that India's 5th largest broker, Angel Broking, took a lesson and also started ATS marketplace for its clients. As of August 2021, most brokers are giving API publicly without any restrictions, emboldened by each other's actions (Figure-20,21).*

Selling ATS via SB has multifold advantages. First, Brokers cannot provide automated trading without approval; however, the SB is often an unregistered entity so Brokers cannot be brought to books immediately. Second, if a client complains, Brokers will come with clean hands saying it is client responsibility why client is choosing such an ATS, the dealing is with a third-party not the Broker. Third, these ATS can easily do brokerage generating activities like bogus financial advisory, churning of trades, spoofing prices of certain stocks, which the Broker was scared to do directly.

Mr. Umesh Ranglani, who has been SB of MasterTrust since 2013 saw the ATS sector booming and launched Tradetron in 2020. Mr.

Rajendran, an SB with multiple brokers, launched AlgoMojo in same year. All ATS providers mentioned in Appendix-1 are SB of one or many Brokers.

Rachit Seth (Stoxxo) is an SB of Angel Broking and was nicely rewarded as can be seen in Figure-17. Note how nicely his ATS allows any tom dick harry to manage other client securities, like a portfolio manager, shown in the video screenshot itself.

With how many brokers has TradeTron partnered? it is impossible to tell this unless tax sleuths raid bank accounts of Mr. Umesh Rangalni and his associates; because, SB can be taken on the names of friends and family or even employees.

## **Obvious Income Source of ATS Providers**

It is very important here to analyze the income sources of ATS providers. The motive of this entire scam is to make easy money, and the income analysis gives easy insight. There are three obvious ways in which ATS provider can give clear insights into malpractices. The not-so-obvious ways of making money are given in the next chapter.

**Platform Subscription Fee** - The monthly subscription plans which are usually priced Rs. 750 per month to Rs. 15000 per month

**Strategy Subscription Fee**- Strategy cost is separate from Platform cost, sold as financial advice. They are usually sold at monthly subscription of Rs. 500 onwards or one-time fee Rs. 10000 onwards.

## Retail Algo Trading Scam

**Education Fees-** Few clients, approximately 5%, end up buying courses from ATS providers. Algomojo (Mr. Rajendran) sells courses from Rs. 3000 to Rs. 40000.

Let us see the revenue sheet of an ATS provider who adds 2000 clients every month, and 80% clients drop out from previous month. The table below shows New Subscribers added, Total Active Subscribers, Platform Fee (assuming 750 per user), Strategy Fee (assuming 500 per user) and Technology Fee which is sum of Platform and Strategy fee.

Month	New Subscribers	Active Subscribers	Platform Fees	Strategy Fees	Technology Fees
January	2000	2000	1500000	1000000	2500000
February	2000	2400	1800000	1200000	3000000
March	2000	2480	1860000	1240000	3100000
April	2000	2496	1872000	1248000	3120000
May	2000	2499	1874250	1249500	3123750
June	2000	2499	1874250	1249500	3123750
July	2000	2499	1874250	1249500	3123750
August	2000	2499	1874250	1249500	3123750
September	2000	2499	1874250	1249500	3123750
October	2000	2499	1874250	1249500	3123750
November	2000	2499	1874250	1249500	3123750
December	2000	2499	1874250	1249500	3123750
Total		499	22026000	14684000	36710000

Assuming that 5% of active users will purchase education courses, and that average revenue per user is Rs. 10000 only via selling course, the revenue sheet is updated as below.

Month	Active Subscribers	Technology Fees	Clients Buying Courses	Revenue from Courses
January	2000	2500000	100	1000000
February	2400	3000000	120	1200000
March	2480	3100000	124	1240000
April	2496	3120000	124	1240000
May	2499	3123750	124	1240000
June	2499	3123750	124	1240000
July	2499	3123750	124	1240000
August	2499	3123750	124	1240000
September	2499	3123750	124	1240000
October	2499	3123750	124	1240000
November	2499	3123750	124	1240000
December	2499	3123750	124	1240000
Total	2499	36710000	1460	14600000

## Retail Algo Trading Scam

Let us now add the most important revenue source - Brokerage. An average client generates Rs. 5000 brokerage per month, Brokers usually share 70% of the brokerage revenue with SB (Rs. 3500 in this case). The SB keeps getting brokerage revenue whether the client continues with ATS subscription or not. Brokerage sharing agreements are independent of ATS services. Even though 80% of clients do not continue next month because of losses, they often continue investing and trading less actively. The brokerage revenue may fall down from Rs. 3500 to Rs. 70 per month but it is easiest revenue without any effort. Now let us use the same subscriber figures to calculate brokerage revenue.

Month	Active Subscribers	Cumulative Users	Brokerage from Subscribers	Brokerage Cumulative Users	Brokerage Total
January	2000	2000	7000000	0	7000000
February	2400	4400	8400000	140000	8540000
March	2480	6880	8680000	308000	8988000
April	2496	9376	8736000	481600	9217600
May	2499	11875	8746500	656320	9402820
June	2499	14374	8746500	831250	9577750
July	2499	16873	8746500	1006180	9752680
August	2499	19372	8746500	1181110	9927610
September	2499	21871	8746500	1356040	10102540
October	2499	24370	8746500	1530970	10277470
November	2499	26869	8746500	1705900	10452400
December	2499	29368	8746500	1880830	10627330
Total	2499	187628	102788000	11078200	113866200

Surprise! At the end of one year, brokerage income is >3x of the income coming from technology. At the end of 2 years, the difference will become even larger. After being scammed for 8 months by ATS providers, I started talking to several brokers and fellow traders about brokerage fes and revenues. As a matter of fact, brokerage is a major source of income for almost all major ATS providers. This clearly proves how the scam is being run by a cartel of Brokers, and SBs who disguise themselves as ATS providers.

### Retail Algo Trading Scam

We have not yet considered the income from not-so-obvious sources like churning and proprietary trading. These will be described in Chapter 6.

*An important point to note here is that AliceBlue and Angel Broking have entered the business of selling ATS Subscriptions because they want a piece of cake from this revenue stream also; the brokerage alone does not satisfy their greed.*





## CHAPTER FOUR THE JUGAAD TO ATTRACT ATS USERS

---

It is an important question why would such an investment attract more people where majority lose money. Note that this is contrary to equity investing where majority of investors make money by buy and hold, thanks to the biggest bull run in Indian stock market.

**Education Propaganda:** Traditionally, Indians trust educators to the soul. A teacher has connotations with Guru, the ultimate guide for salvation. The ATS is vehemently promoted by educators. I, being an ex-IITian, was trapped in Algo scam primarily from education propaganda. I spent Rs. 1.2 lac in courses of Mr. Rajendran because he frequently appeared in conferences related

to trading education. He has a highly reputed online presence. The same person then took me towards his ATS platform.

Now it seems common sense that why would Mr. Rajendran sell ready-made strategies with guaranties of profits, if he could make money by trading from learning his own courses. His courses no doubt are good for beginners to understand how stock market works and how trading happens, but only few of his students survived trading for even a year. Those who survive, they do because of their own skills and intellect, not by any magic formulas taught by Mr. Rajendran.

Mr. Umesh Ranglani also initially started with free education courses and seminars. I have not studied all of the ATS providers. But a cursory glance at their website shows that most of them are in the business of education also.

**Influencer Proaganda:** A Broker has the highest level of interest in marketing ATS services. Brokers and their employees are often the first point of contact of traders. All Brokers providing API promote ATS directly or indirectly. Social Media Influencers are also roped in as SB and in effect many of they also promote ATS.

**Testimonial Propaganda:** The easiest way to win new clients is to have existing clients marketing to new clients. This is called Virality in the parlance of Product Development. But again, common sense tells us that if 80% of people are losing money, then 80% people will not give good reviews. This is where the Jugaad of testimonials comes in. Since all trades happen from ATS servers, SB has information which investors are making money. SB takes testimonials from these 20% investors, then use testimonials for marketing algo services. The investors who lose money are

made to believe they are losing because of their intellectual incapacity by the education propagandists.

**Information Propaganda:** A lot of content is created through webinars, courses, blogs and newsletters to repeatedly remind investors about ATS. You search online for algo trading and the search results are so many that it becomes impossible not to believe in them. "When information overload occurs, it is likely that a reduction in decision quality will occur." <sup>[18]</sup> People start believing something false as true. People are made to believe no regulations or compliance are required for ATS providers.

**Bandwagon Propaganda:** ATS vs Manual Trading is compared to old fashioned feature phone vs smart phone. There are several other anecdotes given like use of algorithmic trading by institutions and professionals. Who wants to jump in the bandwagon of smart phone? By repetitive examples, it invokes investors natural desire to join the winning side. The investors are made to believe that everyone else is algo trading and they are being left behind if they don't.

**Obfuscation Propaganda:** The legal registration and mission statement of Tradetron is obfuscated. Tradetron nicely obfuscates its backtesting mechanism for strategies which promises spectacular returns. The working logic of strategies sold on Tradetron are also obfuscated. Mr. Rajendran courses no doubt teach a lot about stock market and strategy software, but they obfuscate any clear strategy rules. Obfuscation allows educators to create their own interpretations. The onus of judgement is left on the retail investor without any explicit information. If a retail investor like me questions Tradetron, he can be easily attacked for

### *Retail Algo Trading Scam*

poor judgement; while those appreciating Tradetrans are appreciated by a plethora of SBs.

---



# CHAPTER FIVE THE JUGAAD TO ASSUAGE ATS USERS

---

80% of the people who lose money using ATS may get suspicious what's going wrong. Similar to the jugaad of attracting users, there is also an invented jugaad for assuaging users. It starts with selling the dream that you can go holidaying on beach while Algo does all the work for you. You may count your profits at the end of day. But why take the trouble counting your profits every day, just check it at end of month when you want a paycheck.

**Auto-login Feature:** Most ATS provide autologin feature so that investor is assuaged not to check trades on a daily basis, even though the algos buy and sell shares in a matter of few hours. The login credentials given by investors are saved in ATS server for programmatically automatic login each day. SEBI has strict laws against auto login but it does not matter, at least at the point of publishing this book. The auto-login feature is what completely dumb-founded the 14 Brokers who were emailed. Auto-login is not allowed even in the exchanged approved ATS <sup>[1]</sup>. Of course, anything which can cheat investors will not be allowed when approving an ATS. Tradetron, Algomojo and Stoxoo - the three ATS providers whom I personally experienced provide auto login proudly.

**Propaganda for Discipline:** The propaganda for tolerance is actually spread through the propaganda of discipline. Disciplined

trading is completely agreeable, but to use that as an excuse to cheat people is a jugaad. Actually, when I started algo trading, I read few books by successful traders with real track record who did strategy-based trading. All of them talked about the importance of discipline in trading. Discipline is also recommended vehemently by ATS providers, but with an agenda for tolerance. If you have invested with a strategy and it loses money in the first month, you should be tolerant and wait for second month. If it loses money in the second month also, you should wait for third month. All this while the ATS provider makes money, but you should be tolerant. This is what actually happened to me when I started trading with Algomajo and Tradetron. There is another argument that you should wait and see Profit/Loss curve of several hundred trades before junking a strategy. I was taught to be disciplined (sic self-tolerant) and it seemed completely logical.

**Promise of "Other" Strategy:** If you find out that a strategy is actually not giving you money, there is always the lure of other profitable strategy which is getting lot of testimonials. The other strategy is your chance to correct your mistakes, take vengeance from market, recover your losses and start singing about ATS like everyone else. If in case the other strategy does not works for you, ATS provider will give you "another" profitable strategy with verified testimonials.

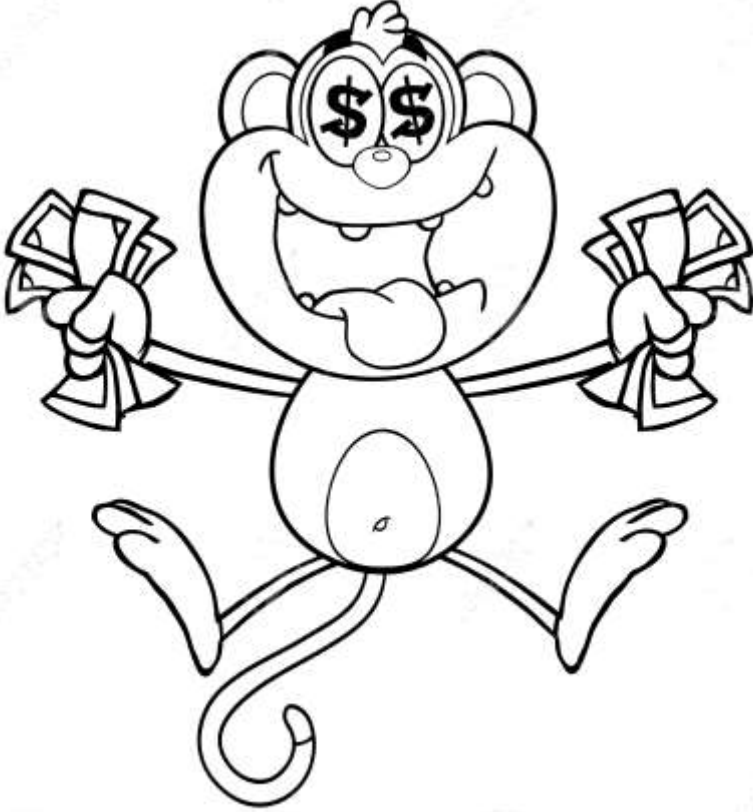
**Promise of Diversification:** Strategies have up and down. They may make profit in one month and loss in another month. Overall, they may make profit as shown on page. If you are worried about loss, better trade multiple strategies at once. It diversifies trading and gives you consistent monthly returns. The truth behind this

gyan is simple - the more the number of strategies you trade, the more brokerage I earn.

**Promise of Upgrades:** The ATS are updated frequently with acclaimed new features and jargon like Artificial Intelligence, Machine Learning, Data Science, Fastest Execution, Enterprise Grade, First in Class, Premier Grade Encryption and so on. All of it to make you believe that the ATS is a gift to mankind, and any losses are purely do the investors foolishness.

---





## **CHAPTER SIX**

# **ECONOMICS OF THE SCAM**

---

While Chapter-4 analyzes the obvious income source of ATS providers, this chapter dives deeply into not-so-obvious income source of ATS providers by proprietary trading. Note that ATS allows as aggregating platform for Brokers in which each order can be routed to a different Broker. This has important implication in executing malpractices which cannot be detected by regulators. The implications are quoted from NSE circular dated January 24, 2019 (NSE/MSD/40032).

"SEBI/MIRSD//Cir-06/2004 dated January 13, 2004 has notified the norms relating to trading by members / sub brokers through other brokers/sub brokers of the same Stock Exchange or other Stock Exchanges. The relevant contents of the circular are given below:

During the course of inspections carried out by SEBI of the books of accounts and other documents of members/sub-brokers, it has been observed that certain members/sub-brokers are dealing through a large number of other stock brokers/sub-brokers of the same exchange/other exchange for their proprietary trades as well as trades on behalf of clients. The trading through large number of brokers/sub-brokers raises serious issues of regulatory concerns including taking excessive exposure, executing pro account trading from multiple locations in violation of SEBI circular no. SEBI/MRD/SE/Cir-32/2003/27/08 dated August 27, 2003, possibility of over leveraging and default etc."

Actually, Proprietary trading is nicely regulated for Brokers <sup>[11]</sup>. But there is absolutely no such regulation for ATS providers.

## **Churning**

While most of strategies given by ATS provider may look clean to the naive investor, some may be programmed specifically for churning. Assume that the churning strategy is recommended randomly to 2500 active subscribers, and one-tenth (250) subscribe to it. The churning strategy takes 4x trades compared to the usual strategies. The brokerage revenue for 250 users will jump to 25000. We continue with the table from Chapter 4. The profits from churning are shown in the table below. It comes equivalent to the Technology Revenue.

Month	Active Subscribers	Technology Fees	Brokerage Total	Revenue from Courses	Churning Subscribers	Churning Revenue
January	2000	2500000	7000000	1000000	200	2800000
February	2400	3000000	8540000	1200000	240	3360000
March	2480	3100000	8988000	1240000	248	3472000
April	2496	3120000	9217600	1240000	249	3486000
May	2499	3123750	9402820	1240000	249	3486000
June	2499	3123750	9577750	1240000	249	3486000
July	2499	3123750	9752680	1240000	249	3486000
August	2499	3123750	9927610	1240000	249	3486000
September	2499	3123750	10102540	1240000	249	3486000
October	2499	3123750	10277470	1240000	249	3486000
November	2499	3123750	10452400	1240000	249	3486000
December	2498	3123750	10627330	1240000	249	3486000
Total		36710000	113866200	14600000		41806000

By the way, as a matter of fact, many strategies listed on TradeTron marketplace are provided by TradeTron itself under difference pseudo-names.

## Front-running

Front-running in the traditional sense means buying before a client places a large buy order which moves the market up. It is detected by two patterns:

- Buy-Buy-Sell: This pattern denotes 'Buy' by the alleged front runner, 'Buy' by the Big Client, followed by 'Sell' by the alleged front runner.

### *Retail Algo Trading Scam*

- **Sell-Sell-Buy:** This pattern denotes 'Sell' by the alleged front runner, 'Sell' by the Big Client, followed by 'Buy' by the alleged front runner.

The ATS execute front running in a manner which cannot be detected easily, as long as trades are executed from ATS servers. The ATS will simply front-run the signals of a strategy which has large number of subscribers. For example, say a strategy has 1000 subscribers. When the strategy gives a Buy signal, the ATS buys in proprietary account milli seconds before giving the signal to all subscribers. The prices will move up from buying in so many accounts and the ATS may sell in proprietary account few seconds after buying is completed by its clients. Similarly, the ATS makes money in proprietary trading by short-selling when strategy gives Sell signal and closing the trade few seconds later.

We estimate that such front-running allows ATS providers to make 2% return per month from proprietary trading.

### **Ramping**

An algo strategy may also systematically buy an illiquid stock gradually from 1000s of investor accounts to ramp up the prices. The ATS provider will of course, buy in proprietary account before the strategy buys in investor accounts. The ATS provider also sells before the strategy starts giving sell. Note that in this case, few investors who are lucky to get sell executed before others will also make money. This practice cannot be done often from a ATS provider with more than 10000 subscribers because people will become suspicious. Assume the ATS provider does this only once a month and further adds 1% to its proprietary trading profit.

## **Cross Market Manipulation**

Many stocks are traded both in BSE and NSE. The ATS can execute a strategy to ramp up prices in NSE using investor accounts, while it will trade in proprietary account in BSE to Buy the same stock. When the prices go up in NSE, the ATS will Sell in BSE pro account, while making the investors sell in NSE. In such activity, usually 30% investor accounts make money and give testimonials to ATS, 30% lose marginally, and 40% may lose some money. Wash-trades, Spoofing and dd may be used

## **Proprietary Trading with Client Strategies**

ATS also makes money in proprietary trading accounts from the top 1% strategies which are genuinely profitable and submitted by retail investors to these platforms for execution. Assume that such ATS provider makes 3% per month from strategy trading by stealing client's Intellectual Property.

We add now income from Front-running, Ramping, Cross Market-Manipulation and Pro Trading using strategies to update the income table as given below. We may assume that ATS Provider starts Pro Trading with the cumulative profits up to third month, which is Rs. 3,65,68,000. He has the liberty to use 10s of trading accounts across several brokers for Pro Trading.

## Retail Algo Trading Scam

Month	Margin Capital	Front-running 2%	Ramping 1%	Cross Market 1%	Strategy Trading 3%
January	36568000	731360	365680	365680	1097040
February	39127760	782555	391277	391277	1173832
March	41866701	837334	418667	418667	1256001
April	44797370	895947	447973	447973	1343921
May	47933184	958663	479331	479331	1437995
June	51288504	1025770	512885	512885	1538655
July	54878699	1097573	548786	548786	1646360
August	58720204	1174404	587202	587202	1761606
September	62830618	1256612	628306	628306	1884918
October	67228760	1344575	672287	672287	2016862
November	71934771	1438695	719347	719347	2158043
December	76970203	1539404	769702	769702	2309106
<b>Net Profit</b>	<b>40402203</b>				

The Income from various heads is now summarized below

Income Source	Figure	Multiple of Technology Fee
Technology	36710000	1
Education	14600000	0.4
Brokerage	113866200	3.1
Churning	41006000	1.1
Pro Trading	40402203	1.1

## Size of Scam

How many people are trading via API as on July 2021? This is one question which perhaps even SEBI sleuths cannot answer accurately. Its because Brokers do not tag API orders separately than those coming from their regular IBT terminal. Of course, there is a SEBI requirement to tag separately all algo orders, but no one bothers about it. Since there are no records of algo orders on broker server itself, the only method to deduce the number of cheated people is studying the active subscribers of ATS providers.

In June 2021, a beaming Mr. Umesh Ranglani announced TradeTron has hit 40,000 active users. We can assume that TradeTron had a total 100,000 cumulative users who paid during

the period July 2020 to June 2021. A total 500,000 retail traders are estimated buy algo strategies from the innumerable ATS providers during the same one-year period. Even though the number of users dropping out after few months is large, it is a very reasonable estimate that an average Rs. 10000 must be lost by each investor who bought algo strategy. From these estimates, a cumulative amount of Rs. 500 crore has been lost by investors over last 12 months alone. Most of the algo platforms were started in mid-2018 itself. Based on the growth in number of brokers recommending APIs to investors, the cumulative loss in last 3 years has been Rs. 1000 crores.

Of course, 1000 crores cheated through illegal practices is not a big amount in a country which sees chit fund scam over 10,000 crores. However, the actual amount of money lost to the income of Brokers and SBs will be much higher, which will be known if ever SEBI makes public its investigation in this matter. Moreover, the retail trading volume is exploding beyond any predictions. In January 2020, Zerodha was handling 2+ million retail trades daily, but by July 2021 it goes up to 12+ million <sup>[19]</sup>. Similarly, this may as well turn out to be a 10,000-crore scam, we do not know yet.

## **The Abhorrent Theft of Sensitive Data**

While Indians talk about data privacy from Facebook, Google or Chinese Apps, the Indian Stock Brokers conduct organized theft on sensitive data in ways which are most abhorrent and illegal. People think of Privacy as changing dress in a closed room or talking to a loved one. Privacy is generally associated with feelings of embarrassment and shyness. In the digital world, privacy is

thought about personal chats and social media actions. But what if someone asks me credit card details for swiping payments? Is it not like asking for car keys to steal it off? When sensitive data is compromised, it is not a violation of privacy; it is an act of theft.

These days almost all ATS are server based, any trades done by investors is initiated and managed from these third-party servers. The investors login credentials, stock transaction data (buy/sell orders) and funds deposited to broker are available in real-time to the SB. Using simple machine learning techniques, it is easy to find behavioral patterns of the investor. Applying simple machine learning on stock transactions reveals weak spots of the investors- what makes them sway in greed and fear; what makes them increase trading volume, what makes them add funds to trading account, and the limits of fraud which make them become suspicious or complain.

Actually, the Algo scam would not have been possible if client transaction data was secured. The gravity of protecting this data is so important that SEBI mentioned it decades back, before the internet and computers. In SEBI's Brokers Code of Conduct <sup>[6]</sup>, it is mentioned in "Duty to the Investor":

"Breach of Trust: A stock-broker shall not disclose or discuss with any other person or make improper use of the details of personal investments and other information of a confidential nature of the client which he comes to know in his business relationship."

Yet, with shock and hate, we have to contend with fact the Brokers are giving full control over their clients account to any SB. When India's largest Broker follows such conduct, it is easy to imagine to what extent the smaller Brokers will go. Even if you want to operate algo scam in your village for 15 people, TradeTron will



give you the perfect tools to make them buy algos, make them generate brokerage; and, earn easy revenue for yourself, the Broker and SB.

The data theft is the chief mechanism for enslavement of investors in the algo scam. Slavery is a very serious word which connotes denial of fundamental rights. Modern forms of slavery are sex trafficking, bonded labor, forced child labor or domestic servitude. The master has the idea of "ownership" as actual control of the slave, rather than the slave being a legally owned object. In slavery, another human being is considered as a "property" or "thing". The "independence" of slaves is taken away from mind and spirit. Control of the slave comes from supervision. Supervision allows master to act against the actions of slave. Supervision also allows to the master to plan against resistance by the slave.

*All malpractices discussed in this book such as churning, front-running, ramping, wash-trades, cross-market manipulation, Pro trading with client strategies- all of them will stop in a single stroke if Broker respects privacy policy that client trades should not be managed outside its servers. We cannot expect such ethics from even India's largest broker. Until SEBI order comes, investor self-awareness is the only method to protect one's money from the scam.*



# **CHAPTER SEVEN**

## **MANAGING COMPLAINS**

### **AGAINST SCAM**

---

It is easy to suppress complains, even if the scam is running to the tune of Rs. 1000 crore. India is known for chit fund scams of the size 10x or 20x of algo scam. But eventually it all blows up in a democracy. When an investor complains about being trapped in algo scam, there are multiple levels at which complains are suppressed.

First, the investor is assuaged that it is all his fault, everyone is doing a great job including the SB and Broker, as described in Chapter 5. Most people quit at this level itself.

Second, the broker calls the clients and tries to understand how much the damage s/he can give back to the broker. If the client is just angry, offer him a one-month free ATS subscription and the matter is settled. If the client is aggrieved and threatening to complain NSE, then gauge his technical capability. Most clients do not have technical know-how to catch the violations done by broker. In this case, the Broker's employee will just apologize along with the regular offer of month free subscription.

Third, if the investor is technically capable to chase the broker in legal court, the broker calls him for a meeting to settle matter. Usually, the client is offered 1x to 2x of the amount lost in scam.

Such aggrieved clients are hardly one in ten-thousand who complain, so brokers mark it as cost of doing business. The client settles the matter out of court because he is made happy with the amount.

Chapter 6 describes illegal activities such as Front-running, Churning, Ramping, Wash-trades, Spoofing and Cross Market Manipulation.

How to prove Tradetron executes all these illegal activities? Which ATS provider executes such illegal activities? Both of these questions actually have wrong premise. By studying the factual law violations by ATS providers, the correct questions should be- How to prove Tradetron does NOT executes all these illegal activities? Which ATS provider does NOT executes such illegal activities? The ATS providers clearly do not come with a clean hand, and the onus of proving innocence should come on ATS provider. The onus of proving illegal activity should not be on the retail investor.

How do we prove the Brokers share revenue with ATS providers for these Pro trading profits similar to brokerage revenue? How do we prove MasterTrust takes share from Tradetron for enabling it for illegal activities? Again, both of these are incorrect questions, as proved in reply by MasterTrust's Compliance Officer. The correct questions should be- How do we prove the Brokers don't share revenue with ATS providers for these Pro trading profits similar to brokerage revenue? How do we prove MasterTrust does NOT takes share from Tradetron for enabling it for illegal activities? Similar to the ATS provider, the onus of proving innocence should come on the broker. ATS providers come under SEBI regulations for doling out financial advice. Brokers come under regulation by both

NSE and SEBI. To expose this scam, I did a lot of research and started by sending emails to the Brokers.

## **Conclusion With Analogy of Slavery**

The current scenario with retail investors is similar to the slavery practice in the US in 1800s. Its considered normal because it is happening everywhere. An innumerable number of individuals which include Stock Broker Employees, Stock Market Educators, Software Developers and Financial Advisors are executing this scam peacefully.

Slavery was legalized with agreements such as sharecropping and convictleasing. The Algo Scam is indemnified by taking authorizations from investors and dubious API Policies. An exploitation in any form can never be legal.

Blacks used to think they deserve slavery. They were made to believe they lack the ability to manage their own lives, and so will be happier when their lives are managed by others. Investors are made to believe that they lack the intellectual ability and mental discipline to trade and they should better buy a strategy which will manage their money.

William Ellison was African American, born into slavery in April of 1790 with the name April Ellison to a slave mother and white slavemaster father. Wanting to move up in society, he purchased his first slaves in 1820. By 1850, Ellison had 37 slaves while his sons owned another 16. This analogy is very similar for traders who lose money and realize they can't trade with all their knowledge of Technical Analysis, perhaps being trapped by trading

educators. If they do not have skills or opportunity to pursue something different in life, they utilize their knowledge in stock market to become ATS SBs. Mr. Rajendran takes pride how he sells everything from education to strategies to ATS to cloud to datafeed (Figure-14), but does not have the ability to earn a living by *trading alone*. His courses promise financial independence through trading alone, something which he has not been able to accomplish in last 10 years. Nevertheless, he has moved up in society and is showered respect in trader conferences by Brokers.

Once I expressed concern to Mr. Rajendran why 80% of people lose money by following algo strategies from others? He nonchalantly answered, “What’s the big deal? 80% of people lose money in independent trading also”. The deal here is, people trading independently may lose money by their own mistakes, but people trading via his strategies work like slaves to generate income for him. Further, 20% of people who make money trading independently, make money genuinely and may settle with financial independence later in life. The 20% of people who make money using his strategies do so by his sheer manipulation, and will later lose that money also.

The influential people in 1800s used to think that slavery is too difficult to eradicate. Many honest Brokers and SEBI/NSE officials currently believe that the malpractices carried in the name of algo are too complex to regulate.

White supremacist used to take pride in their superior intelligence and abilities. They were proud of their white skin, facial features and the English culture. Mr. Umesh Ranglani takes pride how he opened a company in US without traveling to US (Figure -10). Mr.

Rachit Seth takes prides in his software for enabling SBs (Figure-17).

The Blacks had to live whatever quarter or shanty the Whites decided for them to live in. They were tightly supervised and controlled. The retail investor trades are managed through third-party servers chosen by the SB for supervision and control.

Blacks showed resistance all the time to slavery but could not organize a revolt. In day-to-day life, feigning illness, mishandling tools, running away were expressions of resistance. Even when investors “feel” they are being cheated, they are technically inept to chase brokers. They may complain to the Broker and ATS provider, or switch their Broker and ATS provider to show unhappiness.

Slaves are not killed, but rather fed minimally to make them work. Similarly, investors do not lose money suddenly on these platforms. Investors lose money slowly trying one strategy after another and purchasing one ATS subscription after another.

***But when the starving slave revolts, the master runs for shelter. Since I sent emails a month ago, the ATS providers have started running for shelter by adding disclaimers on their websites and removing content for which they took pride. The stock brokers have started sending agreements to their API users. The Florida War was the largest slave rebellion in US history during which US Army could never conclusively defeat slaves even in a three-year period. It finally led to new laws enacting the rights of Blacks. My evidences against the scam have already circulated in Telegram and WhatsApp groups. This eventually connected me to fellow traders who provided more evidence on the scam. This book is a***

*joint effort to bring together the cheated and alert the naive from algo trading scam. Or the so called Robo trading scam worldwide.*

*Six months back I naively talked to a senior MasterTrust employee, about why do they promote TradeTron if it's not legal and will get banned one day. That person laughed off, "TradeTron will never stop. If SEBI passes order against it, we will take in-house approval as a ATS by showing exchange a slightly modified and renamed version". Having spent time closely with ATS operators, we are well prepared for a multi-year fight. Let the SEBI orders come, we will make sure Brokers don't get away with them easily.*



# **APPENDIX ONE**

## **SUMMARY OF LAW VIOLATIONS**

---

### **Violations by Broker**

1. Sharing client login credentials (UCC) with unauthorized persons (Page 12, 20, 25, 35)
2. Sharing client transaction data (Page 13, 26, 32, 43, 50)
3. Providing API facility to unauthorized persons (Page 12, 18, 20, 25, 26 )
4. Recommending ATS without exchange approval (Page 11, 29)
5. Hiding Algo orders (orders submitted via API) by tagging them as IBT orders, not as algo orders (Page 44)
6. Having a source of income other than Brokerage (ATS Subscription) (Page 26, 29)
7. Providing ATS which does not require daily login by investor (Page 12, 20, 25, 35)
8. Providing ATS which allows trading in multiple accounts on a single device to anyone and everyone (Page 12, 20, 25, 35)
9. Providing ATS which acts as aggregating platform for brokers; for each order, a different broker can be chosen to route the order (Page 12, 20, 38)
10. Providing Financial Advice with promise of consistent returns via recommended ATS (Page 13, 19, 27, 36)

### *Retail Algo Trading Scam*

11. Executing the activities of market manipulation like churning, front-running etc. (Page 14, 38-45)
12. Enabling anyone and everyone to handle securities in other client account (Page 12, 14, 24, 25-27, 38)
13. Acting in a manner to facilitate client trades with the sole purpose of generating brokerage (throughout the book)
14. Not monitoring or evaluating the conduct of Referral Partners and Authorized Persons (throughout the book).

### **Violations by ATS Providers**

1. Providing financial advisory without registration with SEBI
2. Promising consistent returns
3. Not providing the mandatory risk disclosure to clients
4. Not executing clients KYC
5. Earning through brokerage even when earning through financial advisory
6. As a Sub-broker or Authorized Person, not displaying the name of the stock broker along with its registration number on website (“representations to investors at large”)
7. Not disclosing proprietary trades and interests
8. Accessing and saving client UCC with password
9. Accessing clients stocks transaction data
10. Not maintaining records of financial advisory given to clients
11. Not protecting clients Intellectual Property and Copyright rights

## APPENDIX TWO

### EXTERNAL REFERENCES

---

[1] NIFM Report on Algo Trading  
<https://dea.gov.in/sites/default/files/NIFM%20Report%20on%20Algo%20trading.pdf>

[2] NSE IBT Approval <https://www.nseindia.com/trade/platform-services-non-neat-internet-based-training>

[3] NSE Authorized Persons  
<https://www.nseindia.com/trade/authorised-for-membership>

[4] Sub-broker and Authorized Persons obligations  
[https://www.sebi.gov.in/sebi\\_data/meetingfiles/jul-2018/1530508162801\\_1.pdf](https://www.sebi.gov.in/sebi_data/meetingfiles/jul-2018/1530508162801_1.pdf)

[5] Broker Referral and Revenue Sharing NSE Circular  
<https://www1.nseindia.com/content/circulars/INSP43029.pdf>

[6] SEBI Broker Coder of Conduct  
[https://www.sebi.gov.in/sebi\\_data/commondocs/stockbroamendregu\\_p.pdf](https://www.sebi.gov.in/sebi_data/commondocs/stockbroamendregu_p.pdf)

[7] Dying Brokerage Industry [https://www.business-standard.com/article/markets/stock-broker-count-halves-in-three-years-on-high-costs-falling-margins-118112400723\\_1.html](https://www.business-standard.com/article/markets/stock-broker-count-halves-in-three-years-on-high-costs-falling-margins-118112400723_1.html)

- [8] Zerodha Amibroker Plugin <https://zerodha.com/z-connect/charting-coding-and-backtesting/zerodha-amibroker-plugin/amibroker-zt-plugin-pricing>
- [9] Zerodha Launches Kite Connect <https://economictimes.indiatimes.com/small-biz/startups/discount-broking-firm-zerodha-throws-open-its-kite-connect-to-financial-technology-startups/articleshow/50165572.cms?>
- [10] SEBI Portfolio Managers Regulations [https://www.sebi.gov.in/legal/regulations/jan-2020/securities-and-exchange-board-of-india-portfolio-managers-regulations-2020\\_45744.html](https://www.sebi.gov.in/legal/regulations/jan-2020/securities-and-exchange-board-of-india-portfolio-managers-regulations-2020_45744.html)
- [11] NSE Proprietary Trading regulations <https://www.nseindia.com/trade/proprietary-trading-faqs>
- [12] SEBI Registered Investment Advisor Regulations [https://www.sebi.gov.in/legal/regulations/jul-2020/sebi-investment-advisers-amendment-regulations-2020\\_47007.html](https://www.sebi.gov.in/legal/regulations/jul-2020/sebi-investment-advisers-amendment-regulations-2020_47007.html)
- [13] Why Is SEBI Reluctant To Regulate Retail Algos <https://www.moneylife.in/article/why-is-sebi-reluctant-to-regulate-retail-algos/64540.html>
- [14] TradeTron Exposed by Shravan Venkataraman <https://twitter.com/thebuoyantman/status/1344935532032266240?lang=en>
- [15] Advisors not allowed to earn commissions <https://www.livemint.com/market/stock-market-news/investment-advisers-cannot-earn-a-commission-by-referring-clients-sebi-11625055915432.html>

[16] QnA on Front-running

<https://corporate.cyrilamarchandblogs.com/2020/09/what-is-front-running-a-qa-piece-in-light-of-the-sebi-order-against-dealers-of-reliance-securities-ltd/>

[17] Regulations by NSE

<https://www.thehindubusinessline.com/portfolio/how-nse-made-shares-less-risky/article20699645.ece1>

[18] Information Overload for Propaganda

<https://onlinelibrary.wiley.com/doi/10.1111/j.1540-5915.1999.tb01613.x>

[19] Zerodha reaches 12+ Million Retail Trades daily

<https://zerodha.tech/blog/being-future-ready-with-common-sense/>

## APPENDIX THREE

# POPULAR ATS AND BROKERS WHO ENABLE ATS

---

### Brokerage Firms Offering API based Retail Algo Trading

This list is taken from the “Why Is SEBI Reluctant To Regulate Retail Algos” by Ms. Sucheta Dalal.

- 5Paisa <https://www.5paisa.com/technology/developer-apis>
- AbstoX <https://www.abstoX.com/xtsapi>
- Acumen Group (Touch Broking)
- Aditya Birla Money
- Aliceblue <https://aliceblueonline.com/ant-plus/>
- Alpaca Live <https://alpaca.markets/docs/api-documentation/api-v2/>
- Angel Broking <https://smartapi.angelbroking.com/>
- Arham Shares
- Arham Wealth
- Arihant
- Ashika Stock Broking
- Basan
- BNR Securities <https://www.bnrsecurities.com/static/algo-api.aspx>

- Composite Edge  
<https://www.compositedge.com/compositedge-api>
- Jainam Share
- Enrich Broking
- Evermore <https://www.evermore.in/Technology.html>
- FinDoc <https://www.myfindoc.com/services/algo-trading>
- Finvasia <https://www.finvasia.com/letency-sensitive-api>
- Fyers <https://fyers.in/fyers-api/>
- Gill Broking <https://apibridge.gillbroking.com/>
- Goodwill Wealth Management  
<https://www.gwcindia.in/Tradetron/GwcTradetron.aspx>
- ICICI Securities  
<https://api.icicidirect.com/apiuser/ICICIDirectAPIDOC.htm>
- IIFL <https://api.iiflsecurities.com/>
- Indira Securities <https://www.indiratrade.com/tradetron>
- Interactive Brokers  
<https://www.interactivebrokers.co.in/en/index.php?f=5041>
- Kotak Securities  
<https://www.kotaksecurities.com/offers/trading-tools/trading-api/index.html>
- Mastertrust <https://www.mastertrust.co.in/product-trading-api>
- Nirmal Bang <https://www.nirmalbang.com/algo-trading-rest-api.aspx>
- Prabhudas Liladhar  
<https://www.plindia.com/AutomateStrategies/>
- Profitmart <https://profitmart.in/api/>
- Rudra Shares <https://www.rudrashares.com/>

## *Retail Algo Trading Scam*

- SS Corporate Securities  
<https://www.sscorporate.com/next-gen-trading-api/api.html>
- Swastika <https://swastika.co.in/blog/basics-of-algorithmic-trading-concepts-in-india/>
- TradeSmart <https://apidocs.tradesmartonline.in/>
- Tradeswift
- Trustline <https://www.trustline.in/TrustlineAPIdocs.html>
- Upstox <https://upstox.com/developer/api/v2/docs/>
- Wisdom Capital <http://wisdomcapital.in/fully-automated-algo-trading/>
- Zebu <http://wisdomcapital.in/semi-automated-algo-trading/>

## **List of ATS not approved by NSE**

- TradeTron <https://tradetron.tech/>
- Kuant <https://kuants.in/>
- AlgoBulls <https://www.algobulls.com/>
- SquareOff <https://squareoff.in/>
- Tvisi Algo Systems <https://www.tvisi.in>
- RAIN Trader <https://rain.trade>
- Algology <https://algology.in/>
- TradingMachine <http://www.tradingmachine.in/>
- AlgoFox <https://algofox.in/>
- De-Matade Trading Solutions  
<https://dematadesolution.com/>
- AliceAlgo <https://www.alicealgo.com/>
- AlgoBridge <https://www.algobridge.in/>
- Algomojo <https://www.algomojo.com/>
- PHI1 <https://www.phi1.io/>
- AlgoProfits <https://algoprofits.in>



## *Retail Algo Trading Scam*

- AlgoSmith <https://www.algosmith.in/>
- Arque Algo Trader ARQ
- AlphaBot <https://alphabottrading.com/>
- IVT Capital Algo Trader <https://www.ivtcapital.com/>
- MyALgo.in
- Sharesoft ALgo Trading Platform <http://sharesoft.co.in/>
- Algoji <https://algoji.com/>
- AlgoAction <http://algoaction.in/>
- Algocrab <https://www.algocrab.com/>
- EverAlgo <https://everalgo.com/>
- QuanTower Cloud9Trader
- MiBots.in
- NeoTrader <https://neotrader.in/>
- AlgoSys <https://www.algosys.co.in/>
- Arthalab Solutions <https://arthalab.com>
- Robo - Matic <https://robo-matic.com>
- Balaji Algo Trading <https://balajialgotrading.com>
- Algomatix <https://algomatixrt.com>

## APPENDIX FOUR FIGURES

---

All attached figures updated as on 1<sup>st</sup> August, 2021

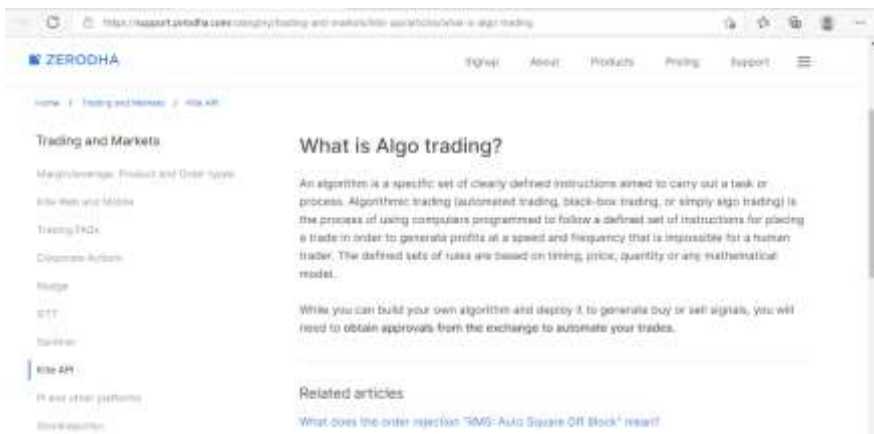


Figure-1 Zerodha Acknowledges Algo Trading requires exchange approval

## Retail Algo Trading Scam

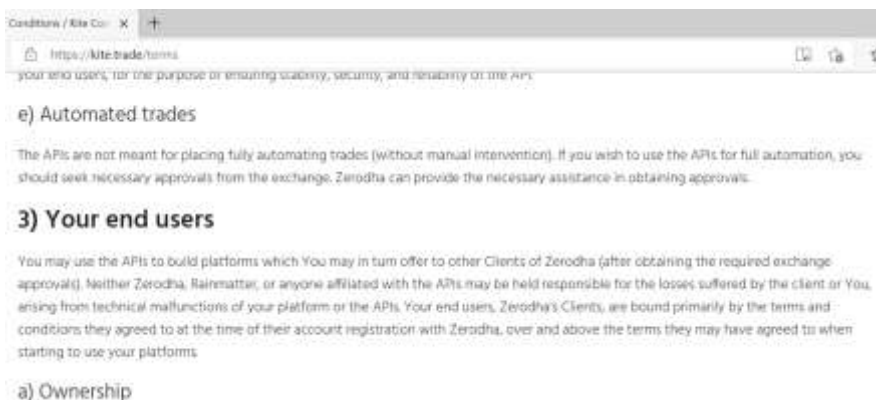


Figure-2 Zerodha does not allow automated trading with its API

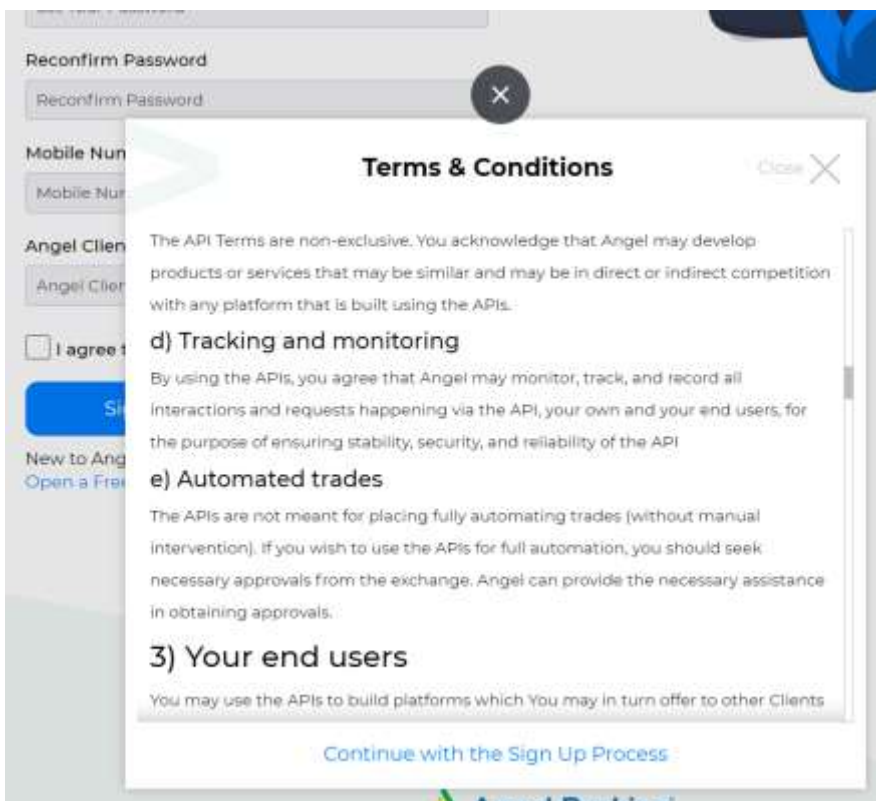
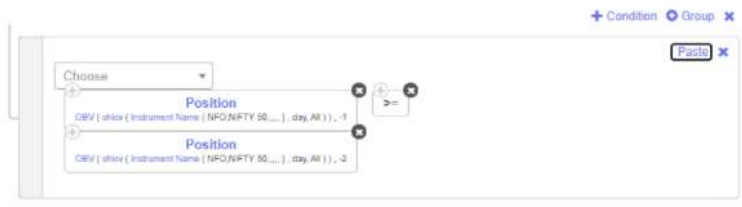


Figure-3 Angel Broking API is copy-paste from Zerodha API Policy

### The Tradetron Newsletter - July 2021

#### Tradetron App Updates

- Based on user feedback from August 1st, we will now allow Retail+ users also to create 1 public strategy for their friends and family which they can share via a private link. It will not be listed on the marketplace. For that, one needs either the PM or the FI plan. FI plan users will also be restricted to 20 strategies to be listed on the marketplace thus filtering out only the best from strategy creators.
- Based on user demand, we have added On-Balance Volume (OBV) technical indicator. You can use it under position keyword like another technical indicator. OBV Indicator is regarded by the industry as one of the most popular momentum and leading indicators



- From August 1st, we are going to split our India plan to different plans for each exchange (NSE, MCX, soon to be followed by Currency and Crypto). Given the fact that the bots for MCX run for 12+ hours, it needs to be segregated to be viable to offer our services at low prices. Each plan will have the same pricing as the NSE plan. If you **trade** both in NSE and MCX, it would be advised to purchase the annual plan before the above split happens because we will extend the validity of MCX plan till the same expiry date as the original plan. Hence apart from the 17% discount you get on the annual plan, you straight away get 2 plans for the price of 1. If you **trade** only in NSE algos, then this does not apply to you.
- Umesh Ranglani, CEO of Tradetron was interviewed by Alpaca for their Fintech Underground podcast. You can stream it here <https://bit.ly/3xdqFh5>
- Our mobile app keeps getting better with the user feedback we receive. Mobile app is now capable of sending instant notifications to users when a strategy creator sends out a message to their subscribers. This will enable faster communication in SOS times. You can download the latest version from the following links. Do leave a feedback for us, if you please.
- App store : <https://apps.apple.com/in/app/tradetron/id1540269842>.
- Play store : <https://play.google.com/store/apps/details?id=com.tradetron>.
- Evermore & B.N.Rathi Securities brokers are now integrated with Tradetron. See a list of all our 40+ broker partners here - <https://tradetron.tech/html-view/partners>

#### Strategy Report Card

<https://tradetron.tech/strategy-stats>

At 1x, the 350 strategies on the marketplace required Rs. 8.57 cr in margin and generated Rs.49.57 lakhs in gross returns. The total AUM of all public strategies in all live accounts stood at

Figure-4 TradeTron 350 Algos

## Retail Algo Trading Scam

MANAGE - [https://www.tradetron.tech/](#)

Videos - <https://www.youtube.com/c/tradetron>

SourceForge - <https://sourceforge.net/software/product/Tradetron/reviews/new>

---

### New to Tradetron?

4 steps to get algo enabled

1. Go to <https://tradetron.tech/strategies>, click on subscribe next to any strategy.
2. Once logged in, go to Strategy --> My Strategies and click on Deploy, select Paper Trading and then again Deploy.
3. Go to Strategy --> Deployed and monitor the paper trading performance.
4. You can take these strategies live in your broker account. Get your broker and Tradetron account configured by Tradetron support team on webchat via anydesk (9 am to 11.30 pm mon-fri)

---

### Need help with your own strategy ?

New strategy : Fill up a form at [questionnaire.tradetron.tech](https://questionnaire.tradetron.tech) and we will send you a quote or duplicate one of our many templates from <https://www.tradetron.tech/html-view/strategy-templates>

---

### Strategy of the month

**Get Set Multiplier - Nifty 1.0** - <https://tradetron.tech/strategy/357958>

Nifty multiplier is an intraday strategy to take maximum benefit from intraday time decay (THETHA). This strategy is designed in such a way that it will be able to handle sharp rise in volatility (VEGA) and to generate a consistent average monthly return of 10% to 15% on capital deployed.

---

### Food for thought

"A life spent making mistakes is not only more honourable, but more useful than a life spent doing nothing." – George Bernhard Shaw

---

You can update your email [subscription](#) preferences at any time.

MANAGE NOTIFICATIONS

Figure-5 TradeTron promises consistent returns in July newsletter

## Retail Algo Trading Scam

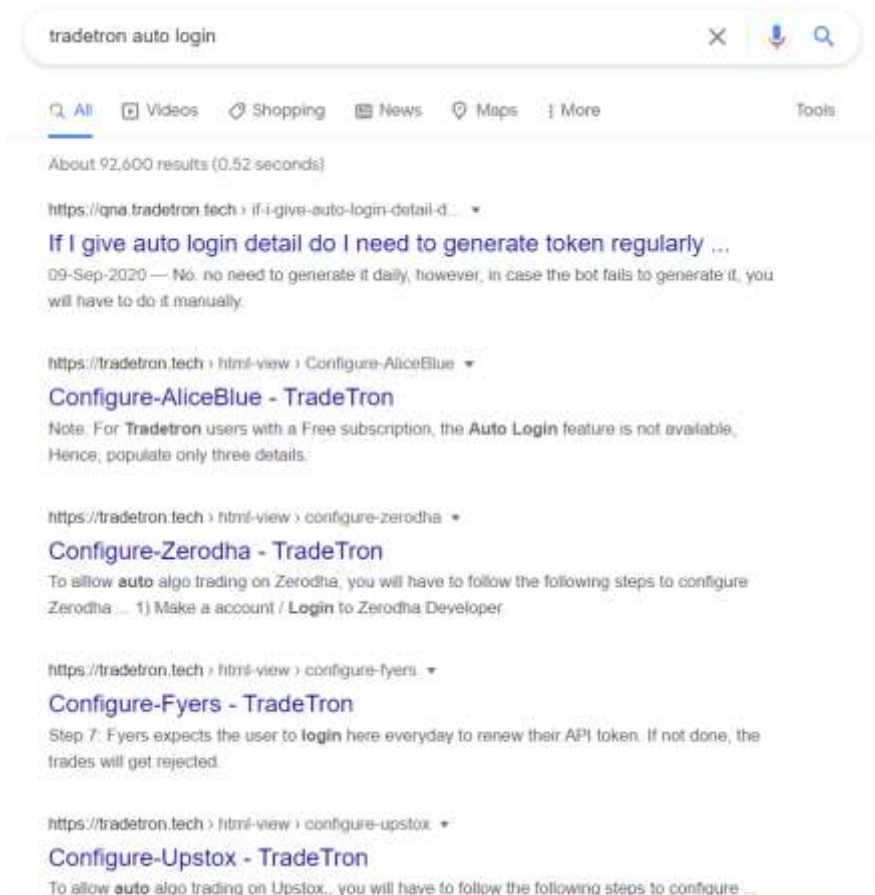


Figure-6 TradeTron auto-login feature

Retail Algo Trading Scam

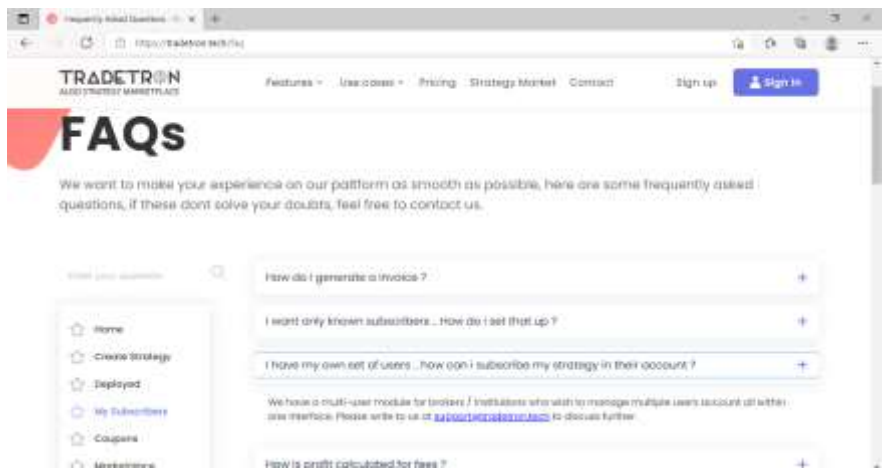


Figure-7 TradeTron multi-account trading feature

The screenshot shows the TradeTron website's pricing page. The header is identical to the previous image. Below the header, there are tabs for 'Type of subscription plans' (Monthly, Quarterly, Yearly) and a 'Best Value' button. The main content is a table comparing different subscription plans. The table has columns for 'Features / Plans', 'Price', 'No. of Private Strategies you can create', 'No. of Public Strategies you can create', 'Commission (Trading Frequency)', 'No. of strategies you can deploy', 'No. of strategies and time slot', 'No. of supplementary strategies (only 1 allowed per month)', and 'Subsidiary strategies'. The plans are: Free, Starter, School, Retail, Portfolio Manager, and Funds/Institutions.

Features / Plans	Free	Starter	School	Retail	Portfolio Manager	Funds/Institutions
Price	₹ 0	₹ 250	₹ 1200	₹ 2500	₹ 5000	₹ 15000
No. of Private Strategies you can create	1	Unlimited	Limited	Unlimited	Unlimited	Unlimited
No. of Public Strategies you can create	0	0	0	1 or more	5 or more	Unlimited
Commission (Trading Frequency)	1 minute	1 minute	Continuous	Continuous	Continuous	Continuous
No. of strategies you can deploy	1	1	5	10	10	Unlimited
No. of strategies and time slot	max - 100, 100 (1 day time slot)	max - 100, 100 (1 day time slot)	max - 100, 100 (1 day time slot)	max - 100, 100 (1 day time slot)	max - 100, 100 (1 day time slot)	max - 100, 100 (1 day time slot)
No. of supplementary strategies (only 1 allowed per month)	0	0	0	10	10	Unlimited
Subsidiary strategies	Not applicable	Not applicable	Not applicable	Not applicable	Unlimited	Unlimited

Figure-8 TradeTron subscription charges

## Retail Algo Trading Scam

← → ↻ valuebroking.com/master-capital-services/umesh-chetanram-ranglani-34461

**VALUE BROKING**

Home → Stock Broker → Master Capital Services → Sub-Broker → Maharashtra → Mumbai → Umesh Chetanram Ranglani

### Umesh Chetanram Ranglani, Santacruz Central, Mumbai



MasterTrust

Umesh Chetanram Ranglani is an authorised stock broker for Master Capital Services in Santacruz Central, Mumbai. It is registered on NSE as an authorised person. Umesh Chetanram Ranglani uses Master Capital Services's platform & tools to help you in share trading in Equity & Derivative segments.

### Umesh Chetanram Ranglani Share Broker Registration Details

Find the contact & share broker registration details of Umesh Chetanram Ranglani.


Authorized Person Name	Umesh Chetanram Ranglani
Address	V01, Paris, 4, Dattatray Road, Santacruz West, Mumbai, Maharashtra, India, 400054
City	Mumbai
State	Maharashtra
Phone Number	9821036884
Email Address	umeshranglani@gmail.com
Constitution	Individual
Affiliated Stock Broker	Master Capital Services
Stock Exchange Registration	NSE
Current Registration Status	REGISTERED
Segment	Equity & Derivative

Figure-9 Umesh Ranglani, founder of TradeTron and Sub-broker of MasterTrust

← → ↻ linkedin.com/posts/umeshranglani\_algo-trading-for-everyone-activity-464822612917794360-qCwV

**in** Search Home My Network Jobs Messaging

**PREMIUM**



**Umesh Ranglani**  
Chief Executive Officer at TradeTron

[View full profile](#)

**Umesh Ranglani** • Following  
Chief Executive Officer at TradeTron

every single business minded person out there this is that forced opportunity to get on the e-commerce bandwagon personal and physical services like zumba and yoga have come online. 0 excuses if you are trading or producing a physical product, dont look for a web designer, learn how to use shopify, learn how to make a simple website using wordpress... start conducting meetings on zoom, start using anydesk, more and more to collaborate with employees, get every single vendor and employee as a netbanking payee, figure out how to click pictures and create description for your product/service, if service, list yourself on fiverr, upwork, if you are teaching list your course on udemy and many many other teaching sites... for all you know it will generate more revenue than ever before and i am practicing what i am preaching... i started working on [tradetron.tech](#) a complex algo strategy marketplace 2 years back we coordinate on slack. Client demos are using clickmeting payments are received via razorpay for india and Stripe for US. i started a US company, opened a US bank account, filed corp returns, filed for a US patent sitting at home... whats stopping you? ... all in all... when physical is in trouble, get digital! :) and yeah if you want to start trading get on [tradetron.tech](#)

**Algo trading. For everyone.**  
tradetron.tech - it was used  
Tradetron has been created to empower strategy traders. How? By allowing them to automate...

👍 3



Figure-10 Umesh Ranglani takes pride registering TradeTron in US without travelling to US

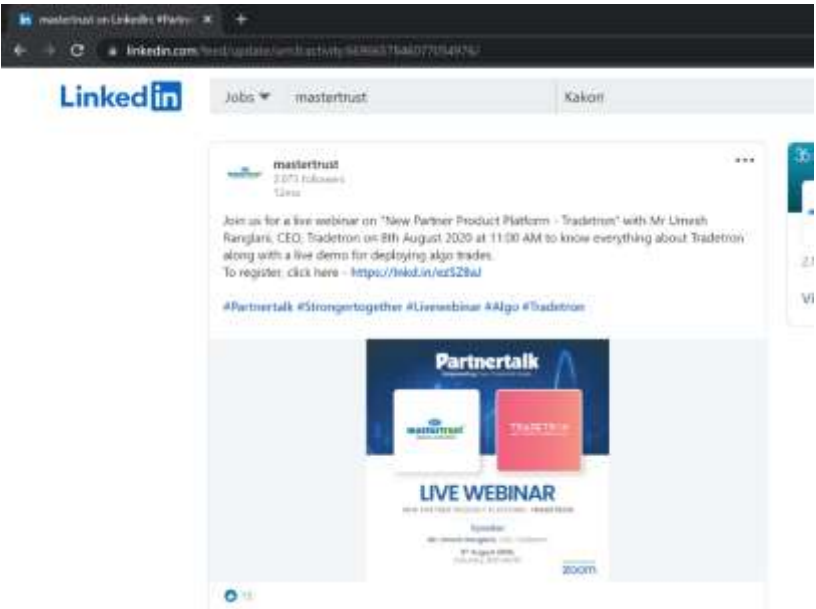


Figure-11 MasterTrust officially promotes TradeTron

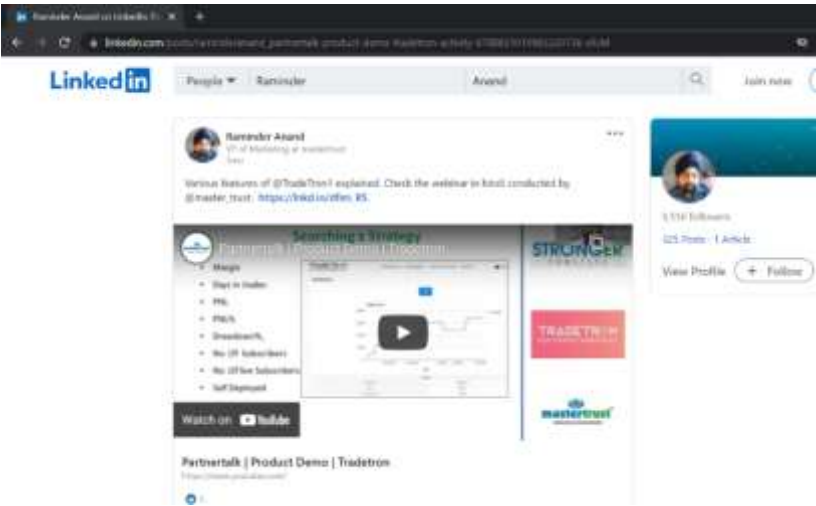


Figure-12 MasterTrust officially promotes TradeTron

## Retail Algo Trading Scam

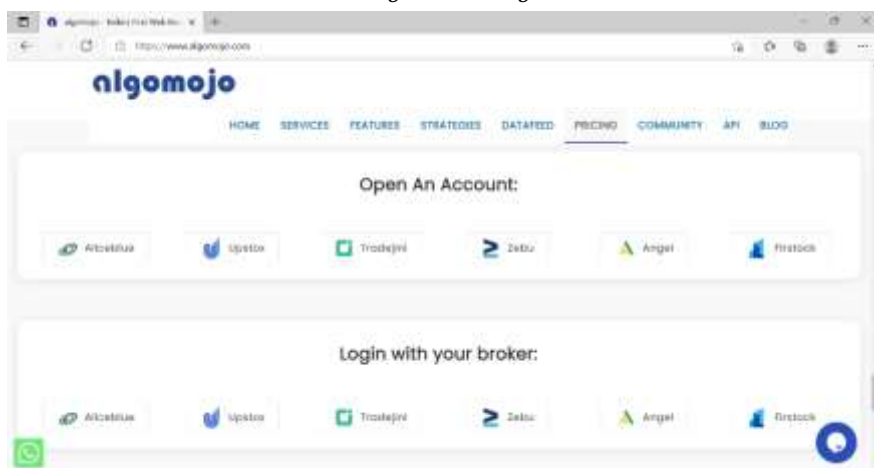


Figure-13 Algomajo SB with multiple brokers

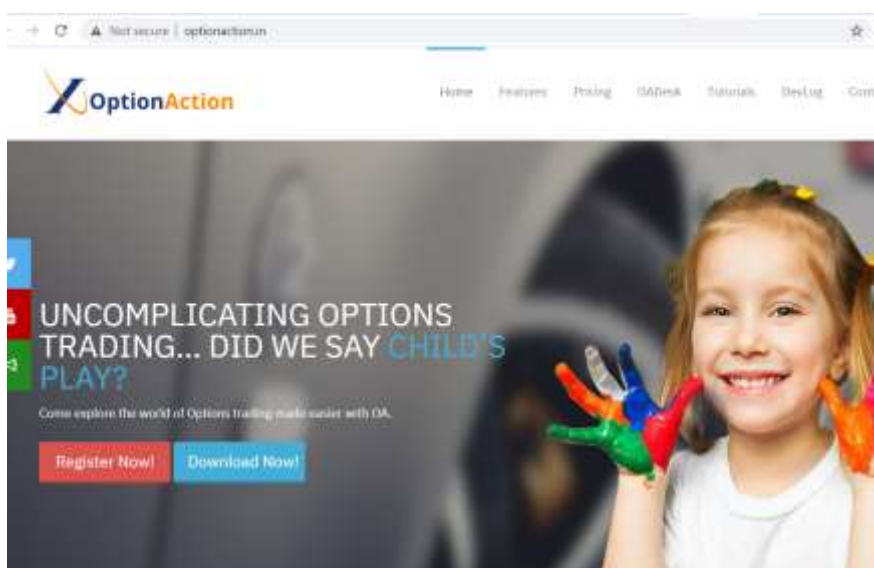


Figure-14 OptionAction is another ATS sold by Rajendran of Algomajo

Retail Algo Trading Scam

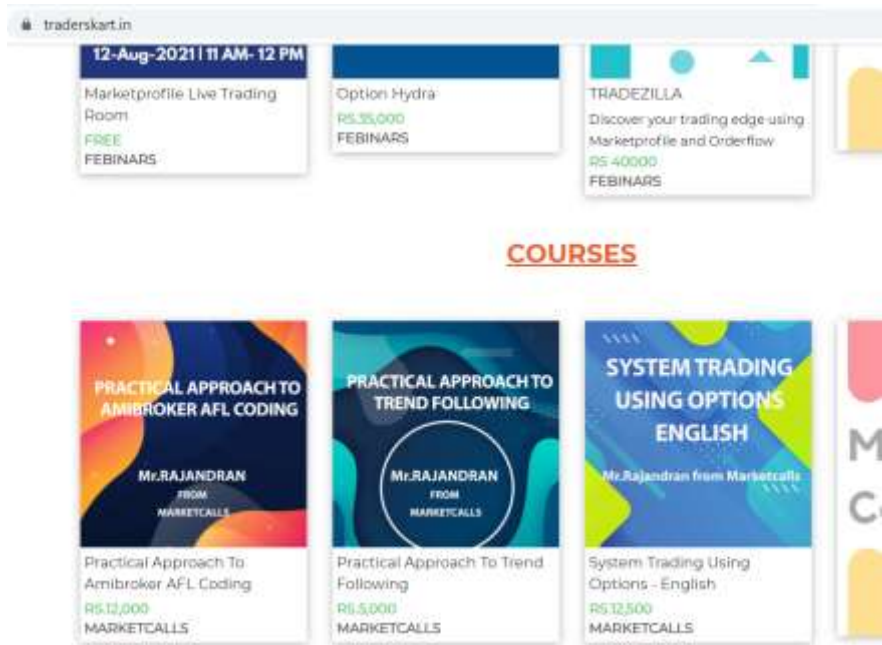


Figure-15 Rajendran sells courses and strategies through another website traderskart.in



Figure-16 Stoxxo or AlgoBaba proudly tells about multi-account ATS

## Retail Algo Trading Scam

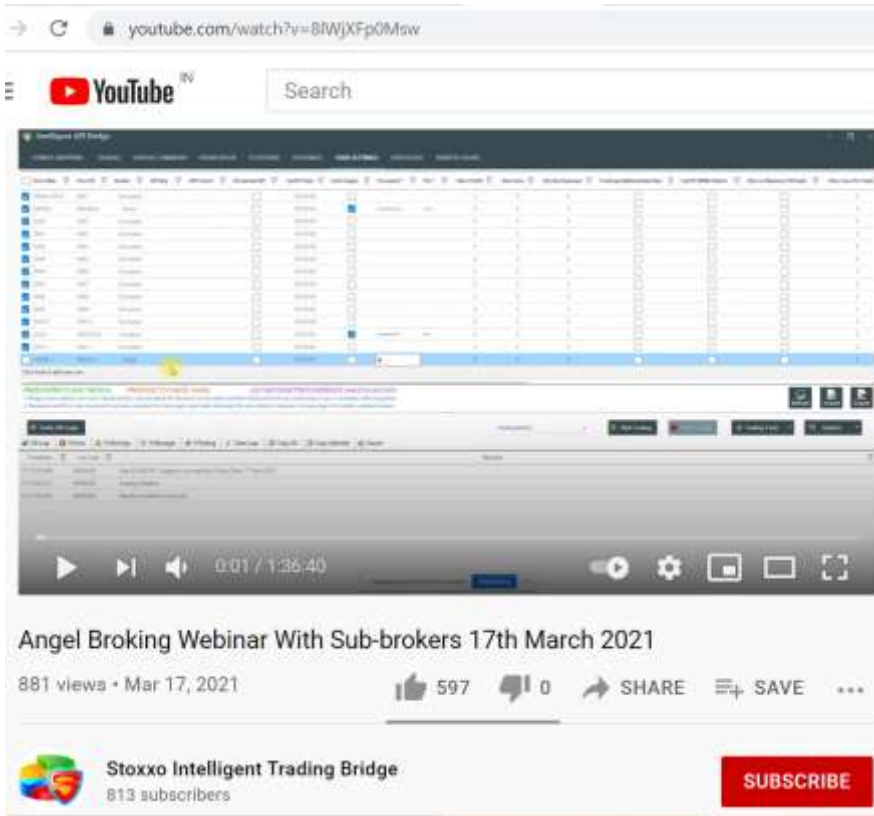


Figure-17 Angel Broking official promotes Stoxxo by Rachit Seth. Also software screenshot shows how to manage securities in multiple accounts by saving clients login credentials.

Retail Algo Trading Scam

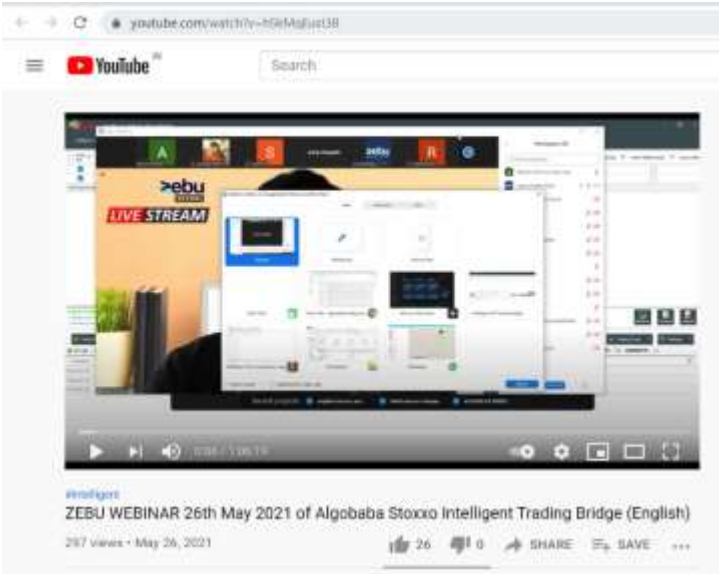


Figure-18 Zebu officially promotes Stoxxo



Figure-19 AliceBlue officially promotes Stoxxo

## Retail Algo Trading Scam

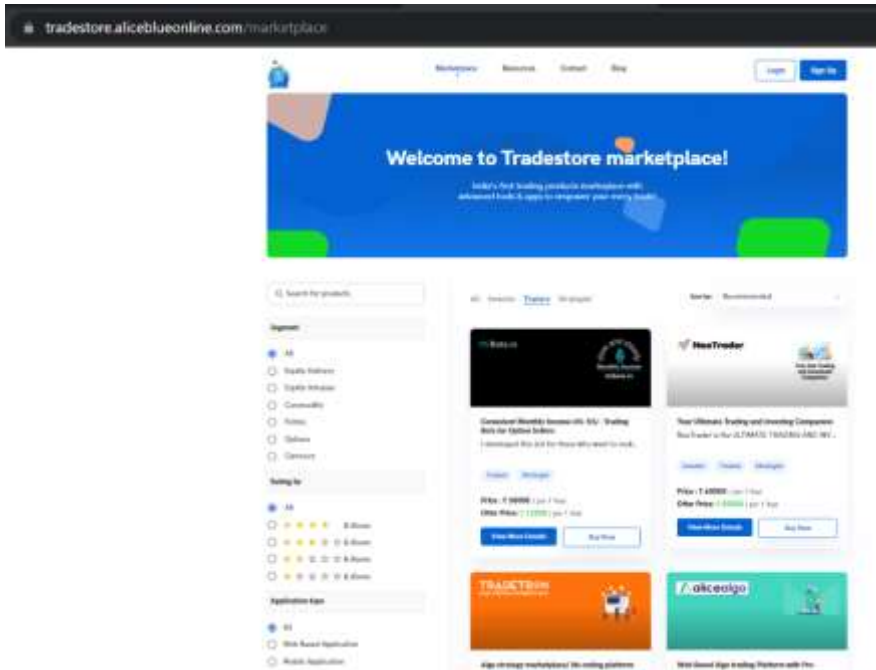


Figure-20 ATS Marketplace by AliceBlue

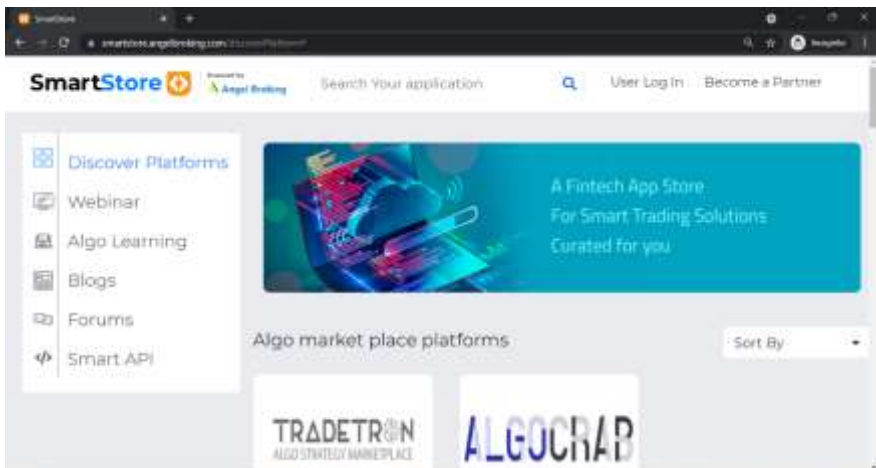


Figure-21 ATS Marketplace by Angel Broking



The screenshot shows a web browser with the address bar displaying "stoxxobridge.com". Below the address bar is the "TOXXO" logo, which consists of a colorful shield icon and the word "TOXXO" in red. To the right of the logo is a purple speech bubble containing the text "Safeguard yourself On Days Extreme volatility". Below this is the main heading "Multi Broker and Multi User Supported Asynchronous Stoxxo- Intelligent Trading Bridge". The text below the heading describes the platform's asynchronous trading capabilities and its advantage of handling multiple brokers and accounts simultaneously. It includes a note about user responsibility and a disclaimer about the use of the software.

stoxxobridge.com

**TOXXO**

Safeguard yourself On Days Extreme volatility

## Multi Broker and Multi User Supported Asynchronous Stoxxo- Intelligent Trading Bridge

The Intelligence is seen here there and everywhere when it comes to Stoxxo- Intelligent Trading Bridge when we say **Asynchronous** it treats all users as separate commands and executes orders parallel and not in a synchronous fashion wherein users and orders are synced in que format commonly seen with most bridges available in the Market.

Advantage with Stoxxo- Intelligent Trading Bridge is that it's user friendly and help manage multiple brokers and Multiple Accounts at the Same Time. With Order Execution Latency Under 10 Ms.

*Note: For multi users / multi broker trading functionality, you undertake that you are using your own personal accounts or accounts which you are legally authorized to manage. You take the whole responsibility to comply with any guidelines(s) or law applicable in the matter.*

*Under no circumstances we or broker(s) shall not be held accountable as the very use of software is solely as user discretion. Please Read the EULA agreement Carefully.*

Figure-22 Rachit Seth added disclaimer on his website after learning about my emails

# APPENDIX FIVE EMAIL CORRESPONDENCE

---

*For the purpose of brevity, emails of only 7 out of 14 brokers are included in this book.*

## Subject: Alice Blue - Exposed 1000 Crore Algo Scam

From: Utsav Kapoor (utsav.kp99@yahoo.com)

To: compliance@aliceblueindia.com; rajesh@aliceblueindia.com;  
rakesh.r@aliceblueindia.com; madhurima@aliceblueindia.com

Cc: compliance\_assistance@nse.co.in; msm@nse.co.in; compliance@nse.co.in;  
ignse@nse.co.in; whistleblower@nse.co.in; uci@nse.co.in;  
knm.nmc@gmail.com; sudarsha@iitb.ac.in; mona@davegirish.com;  
inspection\_cro@nse.co.in; nseiscchen@nse.co.in; nseiscbeng@nse.co.in;  
sebi@sebi.gov.in; sebisro@sebi.gov.in; bangalore-lo@sebi.gov.in

Date: Monday, 26 July, 2021, 05:20 am IST

To,  
The Compliance Officer and Director Mr. Rajesh,  
Alice Blue Financial Services (P) Ltd  
Sir,

This email correspondence has successfully exposed the stock market scam - retail algo trading - to the tune of 1000 crores. This scam is led by cartel of Brokers, and Sub-brokers who operate as Algo Providers (ATS). I was victim of this scam, lost Rs. 30 lakh, and eventually consulted a NSE Auditor to send email correspondence for proving violations. **Attached details on fraud with my preliminary investigation as an investor.**

This email correspondence also proves how you are **leaking clients financial transactions data** (buy/sell orders) to shady algo platforms, which has resulted in **front-running, churning and spoofing stock prices**. Dutiful authorities from NSE and SEBI have been kept in loop for prima-facie investigation and action against you. The complete email correspondence being an important matter of public interest are being forwarded to Journalists and Press, Law Enforcement Authorities and Legislators.



## *Retail Algo Trading Scam*

Even though I asked queries repeatedly as per trail email, they are listed again for summary. Algo Software like Stoxxo/Tradetron/Algomojo are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.
4. As advertised on your website, you provide API for programmers. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps. A simple google search on algo trading shows many such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests. What are the compliance you follow to protect investor interests from your faulty API technology?

Yours Sincerely  
Utsav Kapoor

On Wednesday, 21 July, 2021, 03:13:01 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder-2 Kindly reply to this email at earliest. With further investigation it has been found that you are willfully violating norms by promoting such algo trading facilities to investors (refer attachments). The matter is of general public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

## *Retail Algo Trading Scam*

To,  
The Compliance Officer  
Alice Blue Financial Services (P) Ltd  
Sir,

A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

In reply you mention that your APIs should not be used for full automation or algo trading. However, you yourself openly promote algo trading apps to more than 16000 investors (attachment-1 & 2).

You also promote on your website 100s of applications like Stoxxo which openly and arrogantly violate norms set forth by NSE. (attachment-3) You are not just promoting such misleading services to investors, you are also earning revenues through such applications.

Yours Sincerely  
Utsav Kapoor

On Tuesday, 20 July, 2021, 08:31:46 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:  
Dear Sir,

You mention that your APIs should not be used for full automation or algo trading. However, you yourself openly promote algo trading apps to more than 16000 investors (attachment-1 & 2).

## Retail Algo Trading Scam

You also promote on your website 100s of applications like Stoxxo which openly are arrogantly violate norms set forth by NSE. (attachment-3) You are not just promoting such misleading services to investors, you are also earning revenues through such applications.

With such violations happening openly at mass level, kindly reply how you "strictly" prohibit such third party apps.

Yours Sincerely

Utsav Kapoor

On Monday, 19 July, 2021, 06:52:51 pm IST, Compliance <compliance@aliceblueindia.com> wrote:

Dear Sir,

Reference to your below mail we would like to clarify as follows-

The APIs are meant to be used for building innovative investment and trading platforms ("IBT" – Internet-Based Trading) with the greater goal of increasing capital market participation in India. This may be for personal use, where You, a

Client, exclusively for customizing personal trading and investment experience. The APIs are not meant for placing fully automated trades (without any manual intervention). If you wish to use the APIs for full automation, you should seek necessary approvals from the exchanges/regulators.

The API services are completely voluntary in nature and the usage of the same is at your discretion, however you also have an option to trade uninterruptedly at our platform using our Internet Based Trading platform services without any API, kindly take note.

Thanks and Regards

Compliance Department

+917022601162/080-41264791

[compliance@aliceblueindia.com](mailto:compliance@aliceblueindia.com)



[www.aliceblueonline.com](http://www.aliceblueonline.com)

No.153/2|MRB ARCADE,BAGALUR MAIN ROAD,YELAHANKA,BANGALORE-560062

## Retail Algo Trading Scam



**“Awarded Best Broking House – South by MCX-2019”**

**Mission 2020: India's Top 10 Preferred Financial enabler & No.1 in South India**

On Mon, Jul 19, 2021 at 7:06 AM Utsav Kapoor <[utsav.kp99@yahoo.com](mailto:utsav.kp99@yahoo.com)> wrote:

To,  
The Compliance Officer  
Alice Blue Financial Services (P) Ltd  
Sir,

A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Kindly reply to this email at earliest. A delayed or no response from your side will be assumption that such facility is being promoted to clients with your consent, for further perusal of the matter. Above information on Stoxxo for trading in the UCC provided by you is available on internet easily.

Yours Sincerely  
Utsav Kapoor

**Subject: Zerodha - Exposed 1000 Crore Algo Scam**

From:Utsav Kapoor ([utsav.kp99@yahoo.com](mailto:utsav.kp99@yahoo.com))

## Retail Algo Trading Scam

To:support@zerodha.com; nithin@zerodha.com; compliance@zerodha.com; complaints@zerodha.com

Cc:compliance\_assistance@nse.co.in; msm@nse.co.in; compliance@nse.co.in; ignse@nse.co.in;whistleblower@nse.co.in;uci@nse.co.in; nm.nmc@gmail.com; sudarsha@iitb.ac.in;mona@davegirish.com;nseiscbeng@nse.co.in; sebi@sebi.gov.in; bangalore-lo@sebi.gov.in; sebisro@sebi.gov.in

Date:Monday, 26 July, 2021, 05:05 am IST

To,

The Compliance Officer and CEO Mr. Nithin Kamath,  
Zerodha Broking Ltd

Sir,

This email correspondence has successfully exposed the stock market scam - retail algo trading - to the tune of 1000 crores. This scam is led by cartel of Brokers, and Sub-brokers who operate as Algo Providers (ATS). I was victim of this scam, lost Rs. 30 lakh, and eventually consulted a NSE Auditor to send email correspondence for proving violations. **Attached details on fraud with my preliminary investigation as a investor.**

This email correspondence also proves how you are leaking clients **financial transactions data**(buy/sell orders) to shady algo platforms, which has resulted in **front-running, churning and spoofing** stock prices. Dutiful authorities from NSE and SEBI have been kept in loop for prima-facie investigation and action against you. The complete email correspondence being a important matter of public interest are being forwarded to Journalists and Press, Law Enforcement Authorities and Legislators.

Even though I asked queries repeatedly as per trail email, they are listed again for summary. Algo Software like Stoxxo/Tradetron/Algomojo are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

## *Retail Algo Trading Scam*

4. As advertised on your website, you provide API for programmers. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps. A simple google search on algo trading shows many such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests. What are the compliance you follow to protect investor interests from your faulty API technology?

Yours Sincerely  
Utsav Kapoor

On Friday, 23 July, 2021, 09:17:49 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder 3- This email is an attempt to expose the retail algo trading scam. Kindly reply to my technical query completely. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is not a personal complaint but of public interest; and, may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
Zerodha Broking Ltd  
Sir,

Algo Software like Tradetron/Algomojo/Stoxxo for algo trading are being sold/promoted to your investor clients with following questionable features. The said applications are operated as IBT, authorized by your trading API.

1. Tradetron does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Tradetron acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Tradetron acts as

## Retail Algo Trading Scam

a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

As per trail email, you replied that you "provide kite connect API on a subscription basis for programmers". However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps.

A simple google search for Zerodha Algo Trading gives 100s of such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests.

With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

Yours Sincerely  
Utsav Kapoor

On Wednesday, 21 July, 2021, 03:44:47 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder-2 Kindly reply to this email at earliest. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is of general public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
Zerodha Broking Ltd

Sir,

A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application

## *Retail Algo Trading Scam*

providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.

3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

As per trail email, you replied that you "provide kite connect API on a subscription basis for programmers". However, you have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow algo trading apps such as Stoxxo.

A simple google search for Zerodha Algo Trading gives 100s of apps like Stoxxo. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any technology which openly and extensively violates investor interests.

With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

Yours Sincerely

Utsav Kapoor

----- Original message -----

**From:** Utsav Kapoor <utsav.kp99@yahoo.com>

**To:** compliance@zerodha.com<compliance@zerodha.com>;  
complaints@zerodha.com <complaints@zerodha.com>

**Cc:** ignse@nse.co.in <ignse@nse.co.in>

**Sent:** Monday, 19 July, 2021, 07:15:22 am IST

**Subject:** Zerodha - Retail Algo Trading Violating NSE Norms

To,

The Compliance Officer

Zerodha Broking Ltd

Sir,

A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?



## Retail Algo Trading Scam

2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Kindly reply to this email at earliest. A delayed or no response from your side will be assumption that such facility is being promoted to clients with your consent, for further perusal of the matter. Above information on Stoxxo for trading in the UCC provided by you is available on internet easily.

Yours Sincerely

Utsav Kapoor

On Monday, 19 July, 2021, 12:03:15 pm IST, Zerodha Support <support@mail.zerodha.net> wrote:



Dear Utsav Kapoor,

Thank you for writing to Zerodha.

Stoxxo or algobaba are not our product and we strictly do not recommend such thirdparty trading tools or automation software using APIs.

We provide kite connect API on a subscription basis for programmers please refer to <https://kite.trade/terms>

Note: We are operating under our COVID-19 contingency plan for business continuity and the safety of our team. Over 1200 members of our team are working from their homes. [Read more.](#)

Please get in touch with us if you need any other information through our [Support Portal](#) or by calling us on 080-47181888

Team Zerodha

Sreenivasulu M

## Retail Algo Trading Scam

If you are a Zerodha Account holder, click [here](#) to view the status of the ticket. If you don't have an account, you can follow-up on this ticket by replying to this email.

Zerodha (C) 2021 - 153/154, 4th Cross Dollars Colony, J.P Nagar 4th Phase, Bangalore - 560078

## Subject: MasterTrust - Exposed 1000 Crore Algo Scam

From: Utsav Kapoor (utsav.kp99@yahoo.com)  
To: sudhir@mastertrust.co.in; secretarial@mastertrust.co.in;  
helpdesk@mastertrust.co.in; puneetsinghania@mastertrust.co.in  
Cc: compliance\_assistance@nse.co.in; msm@nse.co.in; compliance@nse.co.in;  
ignse@nse.co.in; whistleblower@nse.co.in; uci@nse.co.in;  
knm.nmc@gmail.com; sudarsha@iitb.ac.in; mona@davegirish.com;  
delhi\_inspection@nse.co.in; nseiscdel@nse.co.in; deltel@nse.co.in;  
nseiscchandigarh@nse.co.in; sebi@sebi.gov.in; chandigarh-lo@sebi.gov.in;  
sebinro@sebi.gov.in  
Date: Monday, 26 July, 2021, 05:15 am IST

To,  
The Compliance Officer and Director Mr. Punit Singhania  
Master Capital Services Ltd.

Sir,  
This email correspondence has successfully exposed the stock market scam - retail algo trading - to the tune of 1000 crores. This scam is led by cartel of Brokers, and Sub-brokers who operate as Algo Providers (ATS). I was victim of this scam, lost Rs. 30 lakh, and eventually consulted a NSE Auditor to send email correspondence for proving violations. **Attached details on fraud with my preliminary investigation as a investor.**

This email correspondence also proves how you are **leaking clients financial transactions data** (buy/sell orders) to shady algo platforms, which has resulted in **front-running, churning and spoofing** stock prices. Dutiful authorities from NSE and SEBI have been kept in loop for prima-facie investigation and action against you. The complete email correspondence being a important matter of public interest are being forwarded to Journalists and Press, Law Enforcement Authorities and Legislators.

Even though I asked queries repeatedly as per trail email, they are listed again for summary. Algo Software like Stoxxo/Tradetron/Algomojo are being

## *Retail Algo Trading Scam*

sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.
4. As advertised on your website, you provide API for programmers. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps. A simple google search on algo trading shows many such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests. What are the compliance you follow to protect investor interests from your faulty API technology?

Yours Sincerely

Utsav Kapoor

On Friday, 23 July, 2021, 09:30:07 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder 3- This email is an attempt to expose the retail algo trading scam. Kindly reply to my technical query completely. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is not a personal complaint but of public interest; and, may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer Master Capital Services Ltd.  
Sir,

## *Retail Algo Trading Scam*

Algo Software like Tradetron/Algomojo/Stoxxo for algo trading are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API. You have been openly promoting algo trading apps (attachment 1&2) which violate the below norms.

1. Tradetron does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Tradetron acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Tradetron acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

As advertised on your website, you provide API for programmers. However, as per NSE guidelines, any software from which orders originate should be approved with

NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps.

A simple google search on algo trading gives 100s of such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests.

With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

Yours Sincerely  
Utsav Kapoor

On Wednesday, 21 July, 2021, 03:54:54 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder-2 Kindly reply to this email at earliest. With further investigation it has been found that you are willfully violating norms by promoting such algo

## *Retail Algo Trading Scam*

trading facilities. The matter is of general public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
Master Capital Services Ltd.

You have been openly promoting algo trading apps (attachment 1&2) which violate the below norms. Stoxxo is also being promoted by your employees regularly. A simple google search for "MasterTrust Algo Trading" gives 100s of apps like Stoxxo/Tradetron. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any technology which openly and extensively violates investor interests.

You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow apps such as Stoxxo/Tradetron.

With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

1. Tradetron does not require the investor to login daily basis without entering login credentials given by the broker (auto-login feature). Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Tradetron acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Tradetron acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Yours Sincerely  
Utsav Kapoor

On Tuesday, 20 July, 2021, 03:24:09 pm IST, Sudhir <sudhir@mastertrust.co.in> wrote:

## Retail Algo Trading Scam

Dear Mr. Utsav Kapoor,

In reference to the matter in the trail mail, it is to bring to your kind notice that we are neither using the software, as mentioned in your trail mail for algo trading nor recommending the said application to our clients.

Since we are not using/recommending the same, we are also not aware of the features you have mentioned in your mail.

If you are registered with us as our client or AP, kindly let us know your client code/PAN and name of the registered entity along with your contact details so that we can understand your query/complaint and resolve the same.



===== Forwarded Message =====

From : "Utsav Kapoor"<utsav.kp99@yahoo.com>

To : "secretarial@mastertrust.co.in"<secretarial@mastertrust.co.in>,

"helpdesk@mastertrust.co.in"<helpdesk@mastertrust.co.in>

Cc : "ignse@nse.co.in"<ignse@nse.co.in>

Date : Mon, 19 Jul 2021 07:29:10 +0530

Subject : Master - Retail Algo Trading Violating NSE Norms

===== Forwarded Message =====

To,  
The Compliance Officer  
Master Capital Services Ltd.

Sir,

A software called Stoxxo/Algobaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

## *Retail Algo Trading Scam*

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Kindly reply to this email at earliest. A delayed or no response from your side will be assumption that such facility is being promoted to clients with your consent, for further perusal of the matter. Above information on Stoxxo for trading in the UCC provided by you is available on internet easily.

Yours Sincerely

Utsav Kapoor

## **Subject: Re: Zebu - Retail Algo Trading Violating NSE Norms**

From:Utsav Kapoor (utsav.kp99@yahoo.com)

To:grievance@zebuetrade.com

Cc;jamal@zebuetrade.com;assist@zebuetrade.com;  
compliance\_assistance@nse.co.in;msm@nse.co.in;compliance@nse.co.in;  
ignse@nse.co.in;whistleblower@nse.co.in;uci@nse.co.in;  
knm.nmc@gmail.com;sudarsha@iitb.ac.in;mona@davegirish.com;  
inspection\_cro@nse.co.in;nseiscchen@nse.co.in;nseiscbeng@nse.co.in;  
sebi@sebi.gov.in;sebisro@sebi.gov.in;vijayakumar@zebuetrade.com;  
editor@moneylife.in;news@moneylife.in;sucheta@moneylife.in;  
suchetadalal@yahoo.com

Date:Friday, 23 July, 2021, 10:36 am IST

Reminder 3- This email is an attempt to expose the retail algo trading scam. Kindly reply to my technical query completely. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is not a personal complaint

## *Retail Algo Trading Scam*

but of public interest; and, may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
Zebu Share and Wealth Managements Pvt Ltd

Sir,

Algo Software like Tradetron/Algomojo/Stoxxo for algo trading are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

You acknowledge that "We provide API's to our individual clients". As per NSE mandates, any source from which orders are placed should be approved by NSE. However, you have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow algo trading apps such as Stoxxo.

You mention that "We do not allow direct integration from any of the algo platforms". This is contrary to your practice of openly promoting Stoxxo/Algobaba (attachment1). A simple google search for Zebu Algo Trading shows many apps like Stoxxo. This indicates the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests.

You also mention that any investor can "get the API and develop/integrate with any of the interface, which is outside our control." With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

Yours Sincerely



## Retail Algo Trading Scam

Utsav Kapoor

On Wednesday, 21 July, 2021, 04:52:27 pm IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

To,  
The Compliance Officer  
Zebu Share and Wealth Managements Pvt Ltd

Sir

You acknowledge that "We provide API's to our individual clients". As per NSE mandates, any source from which orders are placed should be approved by NSE. However, you have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow algo trading apps such as Stoxxo.

You mention that "We do not allow direct integration from any of the algo platforms". This is contrary to your practice of openly promoting Stoxxo/Algo Baba (attachment1).

A simple google search for Zebu Algo Trading shows many apps like Stoxxo. This indicates the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests.

You also mention that any investor can "get the API and develop/integrate with any of the interface, which is outside our control." With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology. The matter is of public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received. You cannot deny me a reply if I do not disclose my UCC.

Yours Sincerely  
Utsav Kapoor

On Wednesday, 21 July, 2021, 04:13:36 pm IST, Zebu Grievance <grievance@zebutrade.com> wrote:

Sir,

**1.** Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?

## *Retail Algo Trading Scam*

We provide API's to our individual clients and they have to enter their login credentials [User id and password(s)] when they want to login. A client can get the API and develop/integrate with any of the interface, which is outside our control. Our trading software requires the entry of login credentials each time when the client wants to log in.

**2.** A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application (single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.

We do not allow direct integration from any of the algo platforms/service providers. A client can get the API and develop/integrate with any of the interface, which is outside our control.

**3.** It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

As stated earlier a client can get the API and develop/integrate with any of the interface. The details that you look forward in this question is outside our control because it is the client who chooses the algo platform/service providers of his choice.

Hope we have answered all your questions. In our earlier emails, we were asking for the details about you only to complete the due diligence process at our end. Kindly give more details about you / call me on 7397787538 if required.

Regards,  
Ulaganathan R  
Compliance Team

On Wed, Jul 21, 2021 at 4:41 AM Utsav Kapoor <utsav.kp99@yahoo.com> wrote:  
Reminder-2 Kindly reply to this email at earliest. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is of public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received. You cannot deny me a reply if I do not disclose my UCC.

To,  
The Compliance Officer  
Zebu Share and Wealth Managements Pvt Ltd

## Retail Algo Trading Scam

Sir,

A software called Stoxxo/AlgoBaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Yours Sincerely

Utsav Kapoor

On Tuesday, 20 July, 2021, 09:06:00 am IST, Utsav Kapoor <[utsav.kp99@yahoo.com](mailto:utsav.kp99@yahoo.com)> wrote:

Reminder - Kindly reply to this email at earliest. A delayed or no response from your side will indicate that such facility is being promoted to clients with your consent, for further perusal of the matter. Below information on Stoxxo for trading in the UCCs provided by you is available on internet openly.

A software called Stoxxo/AlgoBaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.

### *Retail Algo Trading Scam*

3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

The Stoxxo application is available for All your clients. So it is not important for me to provide client code. You can search on on internet easily for all the reported violations

Yours Sincerely  
Utsav Kapoor

On Monday, 19 July, 2021, 02:18:51 pm IST, Jamal N <[jamal@zebuetrade.com](mailto:jamal@zebuetrade.com)> wrote:

Dear Sir,  
With reference to your mail, Kindly share your client code details to check it further

On Mon, Jul 19, 2021 at 10:20 AM Zebu Grievance <[grievance@zebuetrade.com](mailto:grievance@zebuetrade.com)> wrote: Boss,  
Please guide on this how we can reply

Regards,  
Compliance Team

----- Forwarded message -----

From: Utsav Kapoor <[utsav.kp99@yahoo.com](mailto:utsav.kp99@yahoo.com)>  
Date: Mon, Jul 19, 2021 at 7:09 AM  
Subject: Zebu - Retail Algo Trading Violating NSE Norms  
To: [grievance@zebuetrade.com](mailto:grievance@zebuetrade.com) <[grievance@zebuetrade.com](mailto:grievance@zebuetrade.com)>, [assist@zebuetrade.com](mailto:assist@zebuetrade.com) <[assist@ze buetrade.com](mailto:assist@ze buetrade.com)>  
Cc: [ignse@nse.co.in](mailto:ignse@nse.co.in) <[ignse@nse.co.in](mailto:ignse@nse.co.in)>

To,  
The Compliance Officer  
Zebu Share and Wealth Managements Pvt Ltd

Sir,  
A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your

## Retail Algo Trading Scam

trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Kindly reply to this email at earliest. A delayed or no response from your side will be assumption that such facility is being promoted to clients with your consent, for further perusal of the matter. Above information on Stoxxo for trading in the UCC provided by you is available on internet easily.

Yours Sincerely

Utsav Kapoor

## Subject: AngelBroking - Exposed 1000 Crore Algo Scam

AngelBroking - Exposed 1000 Crore Algo Scam

From:Utsav Kapoor (utsav.kp99@yahoo.com)

To:compliance@angelbroking.com;  
support@angelbroking.com

ketan@angelbroking.com;

Cc:compliance\_assistance@nse.co.in; msm@nse.co.in; compliance@nse.co.in;  
ignse@nse.co.in; whistleblower@nse.co.in; uci@nse.co.in;  
knm.nmc@gmail.com; sudarsha@iitb.ac.in; mona@davegirish.com;  
membership\_wro@nse.co.in;  
nseiscmun@nse.co.in; inspection\_mumbai@nse.co.in; sebi@sebi.gov.in;  
sebiwro@sebi.gov.in

## *Retail Algo Trading Scam*

Date: Monday, 26 July, 2021, 05:09 am IST

To,  
The Compliance Officer and CEO Mr. Ketan Shah,  
Angel Broking Limited

Sir,

This email correspondence has successfully exposed the stock market scam - retail algo trading - to the tune of 1000 crores. This scam is led by cartel of Brokers, and Sub-brokers who operate as Algo Providers (ATS). I was victim of this scam, lost Rs. 30 lakh, and eventually consulted a NSE Auditor to send email correspondence for proving violations. Attached details on fraud with my preliminary investigation as a investor. This email correspondence also proves how you are leaking clients financial transactions data(buy/sell orders) to shady algo platforms, which has resulted in front-running, churning and spoofing stock prices. Dutiful authorities from NSE and SEBI have been kept in loop for prima-facie investigation and action against you. The complete email correspondence being a important matter of public interest are being forwarded to Journalists and Press, Law Enforcement Authorities and Legislators.

Even though I asked queries repeatedly as per trail email, they are listed again for summary. Algo Software like Stoxxo/Tradetron/Algomojo are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

As advertised on your website, you provide API for programmers. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps. A simple google search on algo trading shows

## Retail Algo Trading Scam

many such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests. What are the compliance you follow to protect investor interests from your faulty API technology?

Yours Sincerely

Utsav Kapoor

On Friday, 23 July, 2021, 09:34:55 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder 3- This email is an attempt to expose the retail algo trading scam. Kindly reply to my technical query completely. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is not a personal complaint but of public interest; and, may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
Angel Broking Limited

Sir,  
Algo Software like Tradetron/Algomojo/Stoxxo for algo trading are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API. You have been openly promoting algo trading apps (attachment 1) which violate the below norms.

1. Tradetron does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Tradetron acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Tradetron acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

## *Retail Algo Trading Scam*

As advertised on your website, you provide API for programmers. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps. A simple google search on algo trading gives 100s of such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests. With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

Yours Sincerely  
Utsav Kapoor

On Wednesday, 21 July, 2021, 05:27:43 pm IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder-2 Kindly reply to this email at earliest. With further investigation it has been found that you are willfully violating norms by promoting such algo trading facilities to investors (attachment-1). The matter is of public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
Angel Broking Limited

Sir,

A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Stoxxo acts as a single application that



## *Retail Algo Trading Scam*

allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

You are willfully violating these norms by promoting such algo trading services from your website (refer attached). Kindly reply at earliest.

Yours Sincerely  
Utsav Kapoor

On Tuesday, 20 July, 2021, 08:41:43 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder - Kindly reply to this email at earliest. A delayed or no response from your side will indicate that such facility is being promoted to clients with your consent, for further perusal of the matter. Below information on Stoxxo for trading in the UCCs provided by you is available on internet openly.

A software called Stoxxo/AlgoBaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Yours Sincerely  
Utsav Kapoor

On Monday, 19 July, 2021, 07:17:29 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

To,

## Retail Algo Trading Scam

The Compliance Officer  
Angel Broking Limited

Sir,

A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Kindly reply to this email at earliest. A delayed or no response from your side will be assumption that such facility is being promoted to clients with your consent, for further perusal of the matter. Above information on Stoxxo for trading in the UCC provided by you is available on internet easily.

Yours Sincerely

Utsav Kapoor

## Subject: 5paisa - Exposed 1000 Crore Algo Scam

From:Utsav Kapoor (utsav.kp99@yahoo.com)

To:support@5paisa.com; compliance@5paisa.com; prakarsh@5paisa.com

Cc:membership\_wro@nse.co.in; nseiscmum@nse.co.in;

inspection\_mumbai@nse.co.in; compliance\_assistance@nse.co.in;

msm@nse.co.in; compliance@nse.co.in; ignse@nse.co.in;

whistleblower@nse.co.in; uci@nse.co.in; knm.nmc@gmail.com;

sudarsha@iitb.ac.in;

mona@davegirish.com; sebiwro@sebi.gov.in; sebi@sebi.gov.in

Date:Monday, 26 July, 2021, 06:01 am IST

To,

The Compliance Officer and CEO Mr. Prakarsh, 5paisa Capital Ltd.

## Retail Algo Trading Scam

Sir,

This email correspondence has successfully exposed the stock market scam - retail algo trading - to the tune of 1000 crores. This scam is led by cartel of Brokers, and Sub-brokers who operate as Algo Providers (ATS). I was victim of this scam, lost Rs. 30 lakh, and eventually consulted a NSE Auditor to send email correspondence for proving violations. **Attached details on fraud with my preliminary investigation as a investor.**

This email correspondence also proves how you are **leaking clients financial transactions data**(buy/sell orders) to shady algo platforms, which has resulted in **front-running, churning and spoofing stock prices**. Dutiful authorities from NSE and SEBI have been kept in loop for prima-facie investigation and action against you. The complete email correspondence being a important matter of public interest are being forwarded to Journalists and Press, Law Enforcement Authorities and Legislators.

Even though I asked queries repeatedly as per trail email, they are listed again for summary. Algo Software like Stoxxo/Tradetron/Algomojo are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.
4. As advertised on your website, you provide API to investors. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps. A simple google search on algo trading shows many such apps. This shows the

## *Retail Algo Trading Scam*

massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests. What are the compliance you follow to protect investor interests from your faulty API technology?

Yours Sincerely  
Utsav Kapoor

On Friday, 23 July, 2021, 12:30:50 pm IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder 3- This email is an attempt to expose the retail algo trading scam. Kindly reply to my technical query completely. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is not a personal complaint but of public interest; and, may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer 5paisa Capital Ltd.  
Sir,

Algo Software like Stoxxo/Tradetron/Algomojo are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

## *Retail Algo Trading Scam*

As advertised on your website, you provide API for programmers. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps.

A simple google search on algo trading gives 100s of such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests.

With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

Yours Sincerely  
Utsav Kapoor

On Wednesday, 21 July, 2021, 09:56:07 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder-2 Kindly reply to this email at earliest. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is of public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer 5paisa Capital Ltd.  
Sir,

A software called Stoxxo/Algobaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker

## *Retail Algo Trading Scam*

simultaneously) providing a single investor to select a broker for each order.

3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Yours Sincerely  
Utsav Kapoor

On Tuesday, 20 July, 2021, 08:47:51 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder - Kindly reply to this email at earliest. A delayed or no response from your side will indicate that such facility is being promoted to clients with your consent, for further perusal of the matter. Below information on Stoxxo for trading in the UCCs provided by you is available on internet openly.

A software called Stoxxo/Algobaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Yours Sincerely  
Utsav Kapoor

On Monday, 19 July, 2021, 07:31:56 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

## Retail Algo Trading Scam

To,  
The Compliance Officer 5paisa Capital Ltd.  
Sir,

A software called Stoxxo/Algobaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Kindly reply to this email at earliest. A delayed or no response from your side will be assumption that such facility is being promoted to clients with your consent, for further perusal of the matter. Above information on Stoxxo for trading in the UCC provided by you is available on internet easily.

Yours Sincerely  
Utsav Kapoor

**Subject: RKSV - Exposed 1000 Crore Algo Scam**

From:Utsav Kapoor (utsav.kp99@yahoo.com)

To:compliance@rksv.in; complaints@upstox.com; support@upstox.com; shrini@upstox.com Cc:compliance\_assistance@nse.co.in; msm@nse.co.in; compliance@nse.co.in; ignse@nse.co.in; whistleblower@nse.co.in; uci@nse.co.in; knm.nmc@gmail.com; sudarsha@iitb.ac.in; mona@davegirish.com; membership\_wro@nse.co.in; nseiscmum@nse.co.in; inspection\_mumbai@nse.co.in; sebi@sebi.gov.in; sebiwro@sebi.gov.in

## Retail Algo Trading Scam

Date: Monday, 26 July, 2021, 06:06 am IST

To,  
The Compliance Officer and Director Mr. Shrini,  
RKSV Securities

Sir,

This email correspondence has successfully exposed the stock market scam - retail algo trading - to the tune of 1000 crores. This scam is led by cartel of Brokers, and Sub-brokers who operate as Algo Providers (ATS). I was victim of this scam, lost Rs. 30 lakh, and eventually consulted a NSE Auditor to send email correspondence for proving violations. **Attached details on fraud with my preliminary investigation as a investor.**

This email correspondence also proves how you are **leaking clients financial transactions data**(buy/sell orders) to shady algo platforms, which has resulted in **front-running, churning and spoofing** stock prices. Dutiful authorities from NSE and SEBI have been kept in loop for prima-facie investigation and action against you. The complete email correspondence being a important matter of public interest are being forwarded to Journalists and Press, Law Enforcement Authorities and Legislators.

Even though I asked queries repeatedly as per trail email, they are listed again for summary. Algo Software like Stoxxo/Tradetron/Algomojo are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.
4. As advertised on your website, you provide API to investors. However, as per NSE guidelines, any software from which orders originate should be



## Retail Algo Trading Scam

approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps. A simple google search on algo trading shows many such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests. What are the compliance you follow to protect investor interests from your faulty API technology?

Yours Sincerely  
Utsav Kapoor

On Friday, 23 July, 2021, 10:30:21 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder 3- This email is an attempt to expose the retail algo trading scam. Kindly reply to my technical query completely. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is not a personal complaint but of public interest; and, may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
RKSV Securities  
Sir,

Algo Software like Tradetron/Algomojo/Stoxxo for algo trading are being sold/promoted to investor clients with following questionable features. The said application are operated as IBT, authorized by your trading API.

1. Algo Software does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Algo Software acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.

### *Retail Algo Trading Scam*

3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Algo Software acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

You are providing API to thousands of investors. However, as per NSE guidelines, any software from which orders originate should be approved with NSE. You have not put a approval system in place for your APIs. You did not ask your API subscribers to send screenshot of the program they are using, to disallow such algo trading apps.

A simple google search on algo trading gives 100s of such apps. This shows the massive level on which violations are happening. As a NSE Member regulated by SEBI, you are responsible to not allow any API technology which openly and extensively violates investor interests.

With such violations happening at mass level, kindly reply about the compliance you follow to protect investor interests from your faulty API technology.

Yours Sincerely  
Utsav Kapoor

On Wednesday, 21 July, 2021, 09:27:20 am IST, Utsav Kapoor <utsav.kp99@yahoo.com> wrote:

Reminder-2 Kindly reply to this email at earliest. A delayed or no response from your side indicates that such facility is being promoted to clients with your consent, for further perusal of the matter. The matter is of public interest, and may be forwarded to Journalists and Press, Law Enforcement Authorities and Legislators if appropriate reply not received.

To,  
The Compliance Officer  
RKSV Securities  
Sir,

A software called Stoxxo/Algobaba for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API.

## *Retail Algo Trading Scam*

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts are being used. Stoxxo acts as a single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Yours Sincerely  
Utsav Kapoor

On Monday, 19 July, 2021, 07:13:03 am IST, Utsav Kapoor  
<utsav.kp99@yahoo.com> wrote:

To,  
The Compliance Officer  
RKSV Securities  
Sir,

A software called Stoxxo (also mentioned as algobaba) for algo trading is being sold/promoted to your investor clients with following questionable features at Rs. 750 per month. The said application Stoxxo is operated as IBT, authorized by your trading API. Please advice whether it be being done in your knowledge and with your consent.

1. Stoxxo does not require the investor to login daily basis without entering login credentials given by the broker. Is this method of operation allowed?
2. A investor could have trading account with more than one broker. Stoxxo acts as an aggregating trading application ( single application providing facility to connect and login to more than one broker simultaneously) providing a single investor to select a broker for each order.
3. It is observed that on a single device (laptop, tablet, mobile) multiple trading accounts of family members are be being used. Stoxxo acts as a

### *Retail Algo Trading Scam*

single application that allows aggregating multiple trading accounts and place order for them just like a dealer terminal.

Kindly reply to this email at earliest. A delayed or no response from your side will be assumption that such facility is being promoted to clients with your consent, for further perusal of the matter. Above information on Stoxxo for trading in the UCC provided by you is available on internet easily.

Yours Sincerely  
Utsav Kapoor